

Arms Pact Gets Bonn Support

Coalition Wants U.S. to Exclude 72 Pershing 1As

By Robert J. McCartney
Washington Post Service

BONN — Chancellor Helmut Kohl's coalition said Monday that it would accept, with an important reservation, the elimination of shorter-range nuclear weapons as part of a treaty banning intermediate-range missiles in Europe.

The decision, announced after a meeting of cabinet ministers and leaders of the three parties in Mr. Kohl's government, removed a major obstacle to a U.S.-Soviet treaty covering intermediate-range forces.

The decision marked the end of a bitter two-month debate within Kohl's center-right coalition and a significant victory for Foreign Minister Hans-Dietrich Genscher.

Mr. Genscher had favored the so-called "double-zero" proposals, while conservatives had resisted it. Mr. Kohl planned to formally present Bonn's position Thursday.



Chancellor Helmut Kohl

in a speech to the Bundestag, or parliament, officials said.

The coalition attacked one potentially significant reservation to its acceptance of the Soviet Union's proposal to remove all ground-based missiles with a range of between 300 and 600 miles (500 to 1,000 kilometers) as part of an intermediate force accord.

An official statement said that Bonn wanted to keep 72 Pershing-1A missiles. These missiles, with a range of about 450 miles, have been deployed by West Germany, but their nuclear warheads are controlled by the United States. U.S. forces have no weapons of similar range in Europe.

The Soviet Union has insisted that the warheads be withdrawn as part of an agreement.

West German political sources said, however, that there was a good chance that the Pershing-1As would be withdrawn despite Bonn's opposition. They suggested that President Ronald Reagan would not allow these weapons to block an accord.

"If the U.S. president decides to give them away, then we have to give them away," a political source said. "I believe we see very clearly that we may have no Pershing-1As by the end of the year."

The Bonn coalition also recommended that negotiations on the short-range missiles should be considered "in connection" with efforts to achieve a balance in conventional and chemical forces in Europe.

That reflected the fears of Bonn. See ARMS, Page 8.

Blame Put By Soviet On Forces

Human Error Cited in Breach Of Airspace

New York Times Service

MOSCOW — Gennadi I. Gerasimov, the Foreign Ministry spokesman, said Monday that an investigation was continuing into the military mishandling of the flight of Mathias Rust, the young West German who flew from Finland to Red Square. He suggested that further punishment awaits military officers who failed to force the plane down.

"I believe that those who have not lived up to their military responsibilities will be punished accordingly," Mr. Gerasimov said.

Mr. Rust was visited Monday in Lefortovo Prison by West German diplomats, who described him as bearing up calmly after nearly four days in custody.

The 30-minute visit was Mr. Rust's first contact with the West since police escorted him from the vicinity of Red Square last Thursday after his flight across the Soviet frontier.

The diplomats refused to discuss details of the conversation or to speculate about whether he will be charged and tried in a Soviet court.

Mr. Rust's flight across the Finnish-Soviet border and more than 400 miles (640 kilometers) of heavily defended territory has already prompted the retirement of Sergei L. Sokolov as defense minister and the dismissal of the air defense commander, Chief Marshal Alexander I. Koldumov.

Mr. Gerasimov said the military failure was "human" rather than technological, but he declined to provide additional details.

Soviet officials have indicated they would like to release the 19-year-old pilot without a high-profile trial, but they also seem uneasy about appearing to dismiss the case too lightly.

On Sunday, Valentin M. Falin, See PILOT, Page 8.



Soldiers surround the helicopter in which an explosion killed Rashid Karami on Monday.

Prime Minister Of Lebanon Is Assassinated

Compiled by Our Staff From Dispatches

BEIRUT — Prime Minister Rashid Karami of Lebanon was killed Monday when a bomb in his briefcase exploded aboard an army helicopter just minutes after takeoff from his summer home near Tripoli, the police said.

The explosion wounded Interior Minister Abdullah al-Rassi, the pilot and an unknown number of others among the 20 persons aboard the helicopter, which the pilot landed. It had taken off from Mr. Karami's home in Bayasafine, a village 12 miles (19 kilometers) southeast of Tripoli.

Mr. Karami, 65, was serving his ninth term as prime minister in a 37-year career. He was a key Syrian ally and championed the rights of his Sunni Muslim community.

Damascus radio said that Syria believed "Israel and its agents in Lebanon" were behind the assassination.

The cabinet that Mr. Karami had headed since April 1984 has been paralyzed since January 1986, when he joined a Moslem boycott of President Amin Gemayel, a Christian.

In February this year, Mr. Karami asked Syria to send troops to Moslem-dominated West Beirut to take control from militias.

That led to disagreements with President Gemayel and Christian hard-liners, and the prime minister offered his resignation on May 4.

With no ready apparent alternative to Mr. Karami, Mr. Gemayel had delayed his response to the prime minister's resignation and sought Syrian views.

Mr. Karami was Syria's choice to head the national unity government formed in 1984 to initiate changes to give the country's Moslem majority more political power.

Since the Syrian intervention, traditional battlegrounds in the 12-year-old civil war have been relatively quiet. But Mr. Karami's death immediately raised tensions.

Mr. Gemayel announced a week of official mourning and ordered an immediate army investigation into the bombing.

A man calling himself Captain Hammoud telephoned an international news agency in Beirut and said that a previously unknown group of army officers, the Lebanese Secret Army, had assassinated Mr. Karami. He gave no motive.

A Lebanese Army spokesman dismissed the claim as "nonsense." Initial police reports said Mr.



Rashid Karami

Karami's briefcase was under his seat but a later report said he may have been holding it under his arm.

A Moslem radio station report said a ground-to-air rocket was also fired at the helicopter, but that report could not be confirmed.

The helicopter pilot managed an emergency landing at the Halat airstrip north of Beirut. Authorities said the 19 persons aboard the helicopter with Mr. Karami were taken to Lammare Hospital in Jbail, north of Beirut.

Following reports of the assassination, the Lebanese pound fell to a record low against the dollar, closing down 3 pounds at 125.5 to the dollar.

Reacting to the assassination, Finance Minister Camille Chamoun, a Christian, said: "The country cannot be ruled by such terrorist methods, but by understanding on all issues no matter how complicated they are."

"I strongly condemn this assassination," he said, "especially since I myself have been subject to many such attempts for political reasons."

George Saadeh, leader of the Christian Phalangist Party, said: "A terrible catastrophe has befallen our country today and let us hope the consequences will not be as dangerous as some expect them to be. May God help us to come out of the tunnel."

In Egypt, the minister of state for foreign affairs, Boutros Boutros Ghali, said: "Such an act does not help to reach national unity for the

See KARAMI, Page 8

Kiosk

3 Are Charged In Paris Blast

PARIS (Reuters) — Three persons suspected of links with pro-Iranian terrorist groups were charged Monday with complicity in the bombing last year of a post office in the Paris City Hall, judicial sources said.

The three are Fouad Ali Saïeh, a Tunisian, and Abdel Hamid Badoui and Omar Agnane, both Moroccan.



Mark Messier, whose goal started Edmonton to a 3-1 victory and its third NHL title in four years. Page 19.

GENERAL NEWS

India said it would send an unarmed convoy to Jaffna with relief supplies. Sri Lanka responded coolly. Page 4.

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Flight Points Up Soviet Command Faults

By Barry James
International Herald Tribune

The unchallenged flight by a West German teen-ager who piloted a light aircraft to Red Square showed up the inadequacy of Soviet command and control structures rather than specific failings in the country's radar system, Western air defense experts said Monday.

Although a NATO official said "we're talking about with helpless laughter" over the Soviet Union's public embarrassment, an expert said the incident showed only that radar defense in any country is far from being invulnerable.

"Radars may not, due to many factors, be covering every square meter of German territory," said a NATO general involved in air defense. "No matter how high the level of competence and tightness of the system, there is always a very small potential gap in it, which

in the middle of peace is not fatal." Donald Kerr, an aviation expert with the International Institute of Strategic Studies in London, said: "What you had here was essentially

Mathias Rust's parents do not know why their son made his flight to Moscow. Page 8.

a small and elusive target that was picked up, intercepted and then lost again."

Experts said Soviet radar defense is probably arranged like a series of trip wires, with coverage at frontiers and around major population centers or strategic locations.

But it would be almost impossible to cover every part of such a huge country, just as it is impossible for U.S. authorities to detect every low-flying aircraft smuggling narcotics.

If Mathias Rust's Cessna 172

was flying just above the treetops, it would have been detectable only by very low altitude radar systems, which are normally placed on hill-tops and can scan only a few miles, a Western expert said.

"You would deploy these systems towards the direction from which you expect a threat to come," the expert said. "It is clear that the Soviets were not expecting it from the direction of Helsinki. You cannot build a radar system that will cover everything."

Even a Soviet official made the rare admission that the air defense system contains holes.

"We have to thank him for pointing out these holes in our defenses to us," said the official, Valentin M. Falin, head of the Novosti press agency.

According to Soviet officials, the Cessna was detected as it entered Soviet airspace over Estonia, twice

circled by Soviet fighters and then left to continue its journey unimpeded.

"This is more likely to have been a failure of command and control than of Soviet radar or air defense systems," Mr. Kerr said.

"I'm guessing here, but what I see is the sort of difficulty you have with an over-tight system. Decisions have to be taken at too high a level — if they have to go all the way up to general or marshal level, it might be difficult to find someone to give an order."

Mr. Kerr and other experts said that even if they had known the aircraft was an unauthorized flight from West Germany, local controllers might have been reluctant to take action on their own initiative because of the international condemnation caused by the shooting down of Korean Air Lines Flight 007 in September 1983, with the loss of 269 lives.

In Britain, by contrast, the decision to escort an aircraft out of sensitive airspace or force it to land can be taken by individual sector commanders without reference to higher authorities. This happens frequently as Soviet aircraft stray across the North Sea testing Western responses.

The fact that the ruling Politburo in Moscow ousted the defense minister, Sergei L. Sokolov, and the commander of the air defense forces, Marshal Alexander I. Koldumov, for "intolerable concern and indecision about cutting short the flight of the violator plane"

Reagan Indicates He Will Ask Allies At Venice Meeting for Help in Gulf

Reuters

WASHINGTON — President Ronald Reagan indicated Monday that he would seek the help of U.S. allies in protecting shipping in the Persian Gulf.

Mr. Reagan will meet the leaders of Britain, France, West Germany, Italy, Canada and Japan at the 13th annual economic summit conference, which will begin in Venice on Monday. It will end June 10.

■ Report of Error on Stark
John H. Cushman Jr. of The New York Times reported from Washington

Officers aboard the Stark failed

to execute a standard air-defense maneuver when the ship was attacked, according to government officials familiar with the navy investigation of the incident.

Knowing an Iraqi warplane was approaching, the ship's captain did not begin to turn the stern toward the aircraft.

That step would have permitted the Stark's electronic defenses to detect the launching of two Exocet sea-skimming missiles and to shoot them down.

It would also have presented the missiles with a smaller, less vital part of the ship as a target, officials said.

Because the ship held a course almost directly toward the Iraqi Mirage F-1 jet, the missiles the plane fired from 12 miles (19 kilometers) away approached the ship through a blind spot where the superstructure blocked anti-missile sensors and weapons, the officials said.

The officials provided an extensive description of what happened aboard the Stark in the minutes before the attack.

These officials included details previously not disclosed or left unclear. This version indicates that command errors, rather than equipment failure, were to blame for the ship's fate.

The navy has said that the ship never fired, but has not explained exactly why.

A navy spokesman refused to discuss the matter in detail, pending the conclusion of an investigation that is continuing in Bahrain, where the crippled ship is anchored.

But officials familiar with the inquiry suggested that the ship's commander, Captain Glenn R. Brindell, and perhaps three other officers, could be held culpable.

The four officers have been named primary subjects of the inquiry, and have been assigned legal counsel.

At a news conference in Bahrain on May 20, Captain Brindell said that the ship's electronic equipment "did not detect an incoming missile" and stressed that the vessel followed standard operational procedures when attacked.

According to the sources close to the inquiry, there is no reason to believe that the Stark's defensive systems would have missed the in-

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Soviet Trade With Comecon Lagging

Cooperation Remains Stagnant Despite Gorbachev Calls

By Jackson Diehl
Washington Post Service

WARSAW — Despite Mikhail S. Gorbachev's calls for radical improvement in economic cooperation, trade between the Soviet Union and its six East European allies is stagnating and new technological and industrial projects are mired in bureaucratic entanglements, according to government officials and economists.

Since taking power two years ago, the Soviet leader has appeared to make revision of economic relations the key element of his public policy toward East Europe. While stressing Moscow's tolerance of the varied political styles of the region's leaders, he has forcefully demanded that cooperation within Comecon, the bloc's Council for Mutual Economic Assistance, be "raised to a new and qualitatively higher level."

Nevertheless, official economic reports and interviews with East

bloc officials indicate that Mr. Gorbachev's economic thrust has produced remarkably poor results.

Not only are the new projects proposed by Mr. Gorbachev far behind schedule, but the overall contribution of East Europe to the Soviet economy seems to have undergone a "qualitative" decline.

Mr. Gorbachev is counting on East Europe to help the Soviet Union modernize its industrial base and narrow the West's technological lead. But according to official statistics, Soviet imports from the three most advanced East European economies — East Germany, Czechoslovakia and Hungary — decreased in 1986.

Imports from East Germany, the bloc's technological leader, fell by 6.1 percent.

These countries dramatically increased their own imports of new machinery from the West, increasing spending by 30 percent or more

despite Mr. Gorbachev's warnings against such a step.

Only a huge Soviet increase in trade with Romania, the result of a major energy supply transaction between Moscow and Bucharest, and a smaller surge in trade with Poland kept overall Soviet-East European trade figures from showing an absolute decline in 1986.

Polish officials concede that economic projects initiated under Mr. Gorbachev's leadership, such as joint Soviet-East European companies and direct trade links between East bloc factories, have produced only marginal results or have failed to get off the ground.

"Gorbachev has set up some very creative tasks," said Adam Barszczewski, director of Comecon relations in the Polish Ministry of Foreign Trade. "But from a practical perspective, actually doing something about them has been ex-

See BLOC, Page 8

In Hong Kong, the Wise Consult Feng Shui Man

By Patrick L. Smith
International Herald Tribune

HONG KONG — When Hong-kong & Shanghai Banking Corp. cut the ribbon on its new headquarters building about a year ago, the ceremony drew a glittering array of the colony's rich and powerful.

Sir Edward Youde, the colony's governor, who has since died, was there. So, of course, was Sir Michael Sanderberg, then the bank's chairman. Norman Foster, the British architect who is also known for the Pompidou Center in Paris, was also on the dais. And so was Lung King Chuen.

In terms of centuries-old traditions that still play a vital role in business practices here, Mr. Lung may have been the most important person on the dais that day. Indeed, as the master in charge of Hong-kong Bank's feng shui, the placement of the new building in accordance with strict principles of harmony with wind and water, the 48-year-old Mr. Lung wielded the power of final say over the project.

Before the red ribbon was snipped, for example, Mr. Lung had shifted the new building's principal escalators, helped decide where to put the counters in the main banking hall and counseled on which departments ought to go on which floors. For that matter, he also determined the day and hour of the opening ceremony.

In all this, Mr. Lung was listened to with the degree of respect that might be accorded a consulting architect. And no one, Mr. Lung said the other day, even thought to overrule him. And why should they? "The bank," as it is known locally,

enjoys just about the best feng shui in this territory.

"We all worked together very happily," Mr. Lung said with a smile in a recent interview, clearly pleased with his achievement. "Everyone knows how important feng shui is to the Hongkong Bank."

Maybe not everyone. But the bank is hardly alone in wanting to make sure it is in line with the Earth's chi, or vapors, which is the object of the feng shui exercise. Mr. Lung's other clients, for instance, include Nedbank, Westpac, and Bausch & Lomb, as well as numerous doctors, attorneys, managers and government officials.

Cultivating chi, as any feng shui man will tell you, means good fortune, prosperity, a shot at success in all things. More to the point, perhaps, to be poorly aligned with chi will bring just the opposite.

In its broadest sense, feng shui reflects the emphasis on nature prevalent in classical Chinese culture and the notion that man's interests are best served by being in harmony with it. Feng shui, which is pronounced roughly FUNG-shway and which translates as "wind" and "water," is the art of placing buildings, houses, rooms and furniture as propitiously as possible in relation to the elements.

Of the two most prominent feng shui schools, one emphasizes direction while the other places more emphasis on shapes, land masses and bodies of water. The sources of good feng shui in Hong Kong, for instance, are the territory's principal

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"Triangles mean danger. Not too many people like them, except for the Egyptians."

— Sung Siu-kuang,
who dispenses feng shui advice

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India to Ship Food, Medicine To Rebel Area on Sri Lanka

NEW DELHI — India announced Monday that it intended to send an unarmed convoy of about 20 small ships to Sri Lanka's Jaffna Peninsula on Wednesday with food, fuel and medical supplies provided by the Indian Red Cross.

Sri Lankan troops have been battling Tamil separatist guerrillas on the peninsula for the past week. A Foreign Ministry spokesman here said journalists, photographers and television crews would be given facilities to accompany the unarmed ships. Sri Lanka was informed of the India's plans on Monday and was asked to cooperate.

In Colombo, the Sri Lankan government responded coolly to the Indian proposal. The Foreign Ministry said the supplies were not necessary and that the means of delivery and distribution would have to be worked out.

"If, as professed, the government and people of India want to be of assistance," the Foreign Ministry statement said, "the government of Sri Lanka would consider receiving relief supplies intended for the Jaffna area purely in the interest of good neighborly relations."

An official Sri Lankan source said, however, that India's plan to distribute relief supplies in Jaffna was an infringement of Sri Lanka's

sovereignty "that we will have to oppose."

He said the cabinet held an emergency meeting Monday and Parliament would have a similar session Tuesday to pass a joint resolution "saying it is an infringement of our sovereignty to bypass the government."

Asked if Sri Lanka would fire on an Indian flotilla bringing the supplies, he said: "No, we wouldn't oppose them with arms, that would be a break in diplomatic relations."

India has strongly condemned Sri Lanka's offensive against the Tamil rebels, and Prime Minister Rajiv Gandhi last week accused Colombo of slaughtering thousands of Sri Lankan citizens in the Jaffna Peninsula.

Colombo has denied Indian charges that it bombed and strafed civilians. It said 37 civilians have been killed during the military offensive along with 30 soldiers and 150 rebels.

The Sri Lankan Foreign Ministry also appeared to question New Delhi's plan for Indian Red Cross officials to distribute the supplies in Jaffna.

"The modalities of supply and distribution, it is suggested, could be worked out by representatives of both governments," a ministry statement said.

The exchange over the flotilla occurred as the government in Colombo reported that its troops had

captured the last rebel stronghold in Jaffna's northeast Vadammarachi region, the major objective of the offensive.

"It's a very big blow for the terrorists," a government spokesman said.

But he admitted that another objective of the military action, the capture of a Tamil military commander, Velupillai Prabhakaran, had failed.

Journalists were not permitted to travel to the region to verify the situation.

However, the army lifted a week-long curfew in the rest of the Jaffna peninsula for 11 hours to allow the 800,000 inhabitants to buy supplies. It was an indication that the first stage of the government's operation to secure the peninsula was near completion.

It also said troops were distributing dry rations to civilians in Vadammarachi and would soon lift a fuel embargo there.

Officials have said that seizing control of Vadammarachi from an estimated 600 to 1,000 guerrillas of the Liberation Tigers of Tamil Eelam was the main objective of the operation.

In Colombo, President Junius R. Jayawardene, who has taken an increasingly tough line against the rebels in recent weeks, said he, his ministers and party colleagues would never allow the destruction of Sri Lanka's unity.



In South Korea, a Mothers' March for Jailed Activists

About 60 mothers demanding the release of 150 student activists were arrested Monday in Seoul as they marched toward the city hall. In the front line of protesters was a 67-year-old woman whose grandson had been jailed for demonstrating against the government of President Chun Doo Hwan. Her headband says: "Down with Dictators." About 300 police took the women away on buses.

8 Years After Defeat by Hanoi, a Resurgent Khmer Rouge

By Seth Mydans
New York Times Service

TA NGOCH, Thailand — Like many of his countrymen, Kua Ngorn lost several family members during the harsh four-year rule of the Cambodian strongman Pol Pot.

But unlike most Cambodians, he remains under the control of Pol Pot's Khmer Rouge administration, which holds sway in the Site 8 camp for displaced people near this small border town.

Thai soldiers guard the camp's perimeter, and international relief

organizations offer food and medical care in buildings near its front gate.

But along the narrow pathways deep inside the camp, which is crowded with 30,000 refugees, uniformed Khmer Rouge soldiers stroll openly, apparently on leave from the fighting just across the border.

Khmer Rouge organizers gather the refugees for regular political indoctrination sessions and, according to Mr. Ngorn and others, periodically recruit them as porters for their guerrilla army inside Cambodia.

Unlike guerrilla groups who control other camps along the border, the Khmer Rouge discourage contact with outsiders and, according to relief workers, forbid letter writing.

Eight years after being driven from power by a Vietnamese invasion, Pol Pot retains a fighting force estimated at 40,000 and a measure of international recognition as part of a rebel coalition backed by China, the United States and Cambodia's non-Communist neighbors in Southeast Asia.

Khmer Rouge leaders have maintained their international standing despite evidence that they killed more than a million Cambo-

dians during their years in power.

A New York-based human rights group, the Cambodia Documentation Commission, has begun a campaign to have the Khmer Rouge tried for genocide before the International Court of Justice.

"The Khmer Rouge have done quite well," a Western diplomat said. "Here we are after all these years, with this same secretive organization under the same leadership."

The Khmer Rouge army is believed to be having some success in its recruitment, not only among the refugees in its camps but within Vietnamese-controlled Cambodia.

"The Khmer Rouge can get in very far inside Cambodia," said Thou Thon, an official of the non-Communist Khmer Peoples National Liberation Front, which is allied with the Pol Pot group in an uncomfortable rebel coalition.

"When the Vietnamese mistreat the Khmer people, the first ones the people find who will help them are the Khmer Rouge," he said.

Mr. Ngorn, now 30, was a student when Pol Pot came to power in 1975 and has spent his adult life under his control.

Looking at his son, 4, who stood

with his hand on Mr. Ngorn's knee, he said, "I want for him better than my life with Pol Pot, better than my life in this camp."

The Site 8 camp is the Khmer Rouge showpiece, and it is visibly

"Here we are after all these years, with this same secretive organization under the same leadership."

— A Western diplomat

freer than the terrorized Sa Kaew camp to which Pol Pot-controlled refugees were first transported in 1979.

But it is a more subdued and organized place than the bigger settlements that house 200,000 other refugees along the border, with their bazaar, warlords and black marketeers. These other settlements are controlled by the two other members of the Cambodian

rebel coalition, one loyal to Prince Norodom Sihanouk and the other to Mr. Thou's faction.

As a measure of the camp's tight organization, the International Committee for the Red Cross counted only a half-dozen violent incidents in the last year.

But aid officials worry about four smaller Khmer Rouge camps, where they have been permitted only occasional visits.

Within Site 8, the uniformed soldiers do not approach the administration buildings, where on Wednesdays the refugees line up with their ration cards for the weekly deliveries of rice, canned fish, flour, beans, cooking oil and salt.

Groups of Khmer Rouge soldiers in green canvas shoes, green uniforms and green Chinese-style caps stroll the pathways or lounge in the shade of the tiny huts. When the soldiers see a foreigner, they flee in all directions.

An outsider finds little criticism of Pol Pot or the Khmer Rouge.

"I am a supporter of the Khmer Rouge," said Or Ea, who works in the camp's hospital. "All the people here support the Khmer Rouge. Some people say Pol Pot was bad. For me, I did not see him kill people. I don't know about that."

He and others insisted that recruitment for the Khmer Rouge supply lines was voluntary.

It is a vital aspect of the guerrilla conflict, which one diplomat described as "a war of supply."

"If the resistance can continue to build supply routes into the country, if they can recruit, train and maintain a presence inside, then the Vietnamese are in trouble," he said.

Mr. Ngorn has been among those recruited.

"I have gone to the military camp," he said. "I have carried the rice and the military supplies. We walk for three days or a week. If the Vietnamese attack, the soldiers fight them and I hide myself in a good place."

He, too, said this work was mostly voluntary, but added: "Maybe some go because they are afraid. The ones who are afraid, maybe they remember how it was before."

As he talked to a reporter, a crowd of curious children and a few unsmiling adults grew outside the shade of the hut. Mr. Ngorn rose with his small son to leave.

A Broader Education for Engineers MIT to Require Courses in Arts, Humanities, Social Sciences

By Edward B. Fiske
New York Times Service

CAMBRIDGE, Massachusetts — As the first step in a long-term effort to broaden the education of engineering students, undergraduates at the Massachusetts Institute of Technology will be required to pursue more systematic study of the arts, humanities and social sciences.

Starting with the freshman class next year, undergraduates will be required to take at least three courses that stress such fundamental academic themes as literary traditions and the origins of political institutions.

For the first time, they will be allowed to choose nontechnical disciplines, ranging from philosophy

to the role of women in society, as a minor field of study.

The changes were approved by a faculty vote May 20 after vigorous debate and student opposition. They are part of what Paul E. Gray, president of the institute, termed a "searching assessment and reformulation" of what engineers do and how they should be trained.

"A professional engineer can no longer be narrowly focused on technical interests," he said. "He lives and operates in a social system, and he needs to understand cultural and human values. Humanities courses cannot be viewed merely as frosting on the cake."

The changes are also meant, institute officials said, to dispel the notion that engineers are "technological mercenaries" who solve other people's problems. Another aim is to prepare more graduates for major policy-making posts in politics, business and other fields.

"Too many MIT graduates end up working for too many Princeton and Harvard graduates," said Ann F. Friedlander, dean of the School of Humanities and Social Science.

As the next step in the effort, courses are being planned in which students would study the social, political, economic and other consequences of technological developments. Prospective topics in these courses are to include economic competitiveness with Japan and the politics of the development of the hydrogen bomb.

The idea is to bridge the two worlds of the humanities, arts and social sciences on the one hand and engineering and society on the other. Margaret L.A. MacVicar, dean for undergraduate education, said of the courses in the next phase of the program: "The hope is that this will become a requirement."

The institute has about 4,500 undergraduates. Two-thirds of them, more than ever before, are enrolled in the School of Engineering and Computer Science.

Science and mathematics majors account for nearly a quarter of the students, and the rest, about 10 percent, pursue majors in the arts, architecture, humanities or social sciences.

Rome Outlines War on Litter

United Press International

ROME — Rome's 208 sanitation workers were empowered Monday to issue on-the-spot fines to litterers ranging from 30,000 lire (\$23) to 700,000 lire. The minimal fine of 30,000 lire covers abuses such as tossing cigarette butts and other small bits of refuse on the streets.

The fine for leaving a bag of garbage on the street will be 50,000 lire and dumping a load of garbage or trash from 200,000 lire to a maximum 700,000 lire. City sanitation officials have installed big, bright yellow garbage cans because the old models — small, orange plastic containers attached to street signs — were small and constantly overloaded.

Some Romans think the campaign will not work. In a letter in Rome's *Il Messaggero* newspaper Monday, the head of the city's environmental department, Gabriele Alciani, noted that officials have been trying to clean up the city for centuries.

U.K. Demands Apology From Iran for Abduction

The Associated Press

LONDON — Britain said Monday it had demanded an apology from Iran for the one-day abduction of a British diplomat in Tehran and said Iran had "trampled up" a case against him.

The British foreign secretary, Sir Geoffrey Howe, said there was no foundation for charges against the diplomat, Edward Chaplin, who was abducted Thursday.

Sir Geoffrey expressed skepticism over Iranian claims that the action against Mr. Chaplin was not related to charges brought against Ali Qassemi, an Iranian vice consul in Manchester, England.

Mr. Qassemi, 29, has been charged with shoplifting, reckless driving and resisting arrest. He was released on bail the same day that Mr. Chaplin was kidnapped.

"Frankly, it is very difficult to believe that they are not connected," Sir Geoffrey said.

"It would be quite unjustifiable for them to be connected, but it

does look as if they have been trumped up in response to the charge on which their official in this country would stand trial."

Prime Minister Margaret Thatcher described the Chaplin affair as outrageous and said pressure would be kept on Tehran.

The Foreign Office said Britain had demanded an explanation for the abduction and arrest of Mr. Chaplin.

An official said Britain had demanded an apology, as well as details of the charges the Iranians said they were bringing against Mr. Chaplin.

"We have made it clear both here and in Tehran that we are not prepared to wait indefinitely for an answer," the official said.

Mr. Chaplin, 36, was kidnapped by six armed men while driving in Tehran.

He was beaten in front of his wife and two children and held for 24 hours.

Iran has said he will be charged with unspecified offenses.

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In Iran-Contra Hearings, Testimony Is Marked by Conflicts and Contradictions

The Associated Press
WASHINGTON—Joe Fernandez, a suspended CIA station chief, contradicted in testimony released Monday an assurance given to the House intelligence committee in October by the CIA's chief of covert operations that the agency had not aided a private resupply effort for Nicaraguan rebels.

Mr. Fernandez's comments, made in Friday's closed session of the House and Senate Iran-contra hearings, included his answers to questions by panel members, including Senator Sam Nunn, Democrat of Georgia.

The 240 pages of testimony were released only after numerous passages were blacked out at the request of the CIA.

At one point, Mr. Nunn read from an Oct. 14, 1986, statement in which Clair George, the chief of CIA covert operations, told the intelligence panel: "The CIA is not involved directly or indirectly in arranging, directing or facilitating resupply missions coordinated by private individuals in support of the Nicaraguan Democratic resistance."

Mr. Fernandez responded: "I would have to disagree with that. My participation did facilitate because it provided the information needed for the delivering supplies by air."

The suspended station chief told the committee he had felt uncomfortable with his role as a go-between in the resupply operation, but had received directives from



Sam Nunn, left, Warren B. Rudman.

'So they were arms dealers, and they were also flesh peddlers, were they not, Mr. Rodriguez?'

— Warren B. Rudman



Felix I. Rodriguez

Washington telling him to keep up his activities.

Mr. Fernandez, also known by the pseudonym Tomas Castillo, told congressional investigators he had felt concerned last summer about the "unorthodox" role he was playing in the resupply operation and had suggested to Washington another way to coordinate the flights that would provide the CIA more distance from the operation.

He said he sought "to at least take me out of it—I am thinking in very personal terms—take me out of that unorthodox position I found myself in."

But in a cable sent July 12, the agency's Central American Task

Force, run by Alan Fiers, essentially told Mr. Fernandez not to change what he was doing.

Mr. Nunn, one of the principal questioners, said Mr. Fernandez's superiors appeared to have been protecting themselves while leaving the station chief "hanging out there by yourself."

Mr. Fernandez replied, "Well, Senator, there are times in this business when we realize that perhaps that is the way things work."

Rampant Contradictions
Don Morgan and Walter Pincus of The Washington Post reported:

One witness who worked for the private airlift did not disagree last

week when Senator Warren B. Rudman, Republican of New Hampshire and vice chairman of the Senate committee, described the operators of that airlift in lurid terms:

"So, they were not only arms dealers, but they were making \$50,000 to \$60,000 on people who were risking their lives. So they were arms dealers, and they were also flesh peddlers, were they not, Mr. Rodriguez?"

"It would look like [that] with this paper, sir," answered Felix I. Rodriguez, a former CIA employee who had begun working with the secret airlift operation supporting the contras in September 1985, but soon became disgruntled.

One explanation for the conflicts and contradictions in the past four weeks of testimony in the Iran-contra affair may be simply that some witnesses are trying to cover up possible illegalities. But it is also evident that some are using their moment in the spotlight to rationalize their own actions, or continue old feuds.

A retired air force colonel, Robert C. Dutton, last week described Mr. Rodriguez as a "detachment" to the airlift operation who had used his influence with the Salvadoran military to make life difficult for Colonel Dutton and others. Colonel Dutton said he believed Mr. Rodriguez was motivated by money—specifically a desire to get

control of a special emergency fund and "fuel account."

Colonel Dutton said there had been concern within the operation that Mr. Rodriguez was "feeding information" to journalists involved in a lawsuit against Colonel Dutton's superiors: Lieutenant Colonel Oliver L. North, the former National Security Council aide, and a retired major general, Richard V. Secord.

But Mr. Rodriguez said he had placed an armed contra guard on General Secord's planes to prevent them from being "stolen from the contras."

Key witnesses frequently have given different versions of the same event.

Testifying on the first day of the hearings, for example, General Secord told of an all-night meeting in July 1985 in Miami at which Colonel North warned that limited contra funds might be "getting wasted, squandered, or even worse—some people might be lining their pockets."

The message, General Secord said, was directed at the two top contra leaders present: Adolfo Calero and Enrique Bermudez. Colonel North, General Secord continued, was raising the corruption issue as part of a broader plan to reduce Mr. Calero's role, set up the U.S.-run airlift in Central America and strengthen southern forces not under Mr. Calero's direct control.

But when Mr. Calero told the House and Senate committees of the same meeting two weeks later, he said he recalled no discussion of

corruption in the ranks of his Nicaraguan resistance group.

Mr. Calero also specifically denied General Secord's assertion that there had been a discussion of an airlift, much less the "common agreement" that General Secord said had been reached on the need for it.

The conflict surrounding the secret effort on behalf of the Nicaraguan rebels appears to have been political as well as monetary.

Testimony and documents introduced about the March 1986 visit of a retired U.S. Army major general, John K. Singlaub, to Costa Rica, for example, have raised puzzling questions that may be answered when Elliott Abrams, an assistant secretary of state, testifies starting Tuesday.

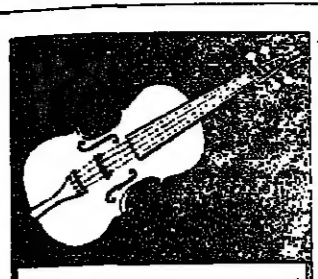
General Singlaub, an adviser to anti-Communist resistance movements around the world, made the trip at the urging of Senator Jesse Helms, Republican of North Carolina. The visit was an effort to bring a contra leader, Eden Pastora Gomez, into the cooperative framework of the Nicaraguan resistance.

General Singlaub testified that he had spoken to Mr. Abrams before setting off on this mission and that while Mr. Abrams "expressed some doubts that it could be done," he "posed no objections."

In fact, Mr. Pastora was at that time being dropped by the CIA with the support of Colonel North and Mr. Abrams, who considered him uncontrollable, according to other sources.

Missing Funds Sought

An investigating judge in Geneva said Monday that the sultan of Brunei is seeking the return of a \$10 million donation for Nicaraguan rebels that was mistakenly deposited in the account of a wealthy Swiss businessman. The Associated Press reported Monday from Geneva.



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With U.S. Help, Contras Have Improved but Still Make Serious Mistakes

By James LeMay

New York Times Service

BOCA, Nicaragua — As Sandinist rockets slammed into a rebel base near this lonely town on the northern border, radio messages intercepted by rebel listening posts brought more bad news.

The Sandinists were reinforcing an estimated 1,600 men in two elite battalions three miles (about five kilometers) away in the area of the Boca and Coco rivers, with elements of two other battalions. A major assault against the outnumbered rebels appeared likely.

That night, a Sandinist rocket blew five rebels off a nearby ridge, wounding all. A veteran patrol commander, code-named Ranchero, was evacuated, sporting blood and moaning at the pain from shrapnel wounds. He had neglected to dig a fox-hole, and thus became one of the rebels' 50 dead and wounded in two weeks of fighting in the area.

The fight along the Honduran-Nicaraguan border was one of several pieces of evidence seen during a three-day trip with rebel forces last week that indicated that the U.S.-backed guerrillas, known as contras, have made some improvements.

At the same time, they are repeating serious political and tactical mistakes that increase the odds against them in their uphill struggle against the Sandinists.

While defending fixed positions easily reached by the government's Soviet-provided rockets and

artillery, the contras also were taking steady casualties in a pitched battle against the much stronger Nicaraguan Army.

"We have inflicted many casualties on the Sandinists, too, but it may be time to move to other positions," said Mike Lima, one of the contras' most senior combat commanders, as more Sandinist rockets exploded in the distance.

Despite their high-technology gadgetry, military training and sophisticated political talk, the contras still bear the marks of a traditional peasant guerrilla army—one that appears to be having serious adjustment problems in its first months of fighting after two years of sitting in base camps inside Honduras.

The contras have yet to show they can make the necessary transition to a politically and militarily shrewd fighting force. Rebel commanders admit the government is fighting effectively; they concede that the Sandinists may be inflicting as many casualties as they are receiving.

But although the Sandinists appear to have a steady supply of new recruits, the contras do not. Rebel commanders said recruiting was just keeping up with losses, even with forced recruitment, which is regarded among contras leaders as a politically damaging practice that must be stopped.

The rebels say a major problem is that northern Nicaragua has become a depopulated no-man's land, reducing the pool of young men.

Contra officials and diplomats who monitor the rebels say that if Congress renews U.S. assistance to the rebels later this year, it will take two to four more years of hard fighting for the contras to stand a chance of seriously weakening the Sandinists—principally by destroying the Nicaraguan economy.

If U.S. aid is cut off, contras and non-American diplomats say, the rebel forces would collapse.

In the border fighting, the contras' plan in the face of the Sandinist advance was to break up into smaller units and vanish into the hills, then to send teams behind Sandinist lines to shoot down helicopters and set up small ambushes. Instead, the contras ran into Honduras en masse and got into a static slugfest match they could not win.

At a small rebel camp during the battle, news arrived that a Sandinist unit might have infiltrated rebel lines and be approaching less than a mile away. In a combat situation, with more than 2,000 Sandinist troops known to be close by preparing to attack, the rebels had failed to take the basic step of putting out guard patrols.

As fighting continued at front-line contra positions, the rebels at a nearby weapons and communications center failed to take minimal security measures as night set in.

Three reporters discussed escape routes as young contras turned their transistor radio up to

full blast in the still night air. No one wanted to dig foxholes, a rebel commander said, because "we aren't accustomed to digging."

But the rebels have also defied predictions that they would show themselves to be a spent force.

The Central Intelligence Agency has turned the contras into the best-equipped guerrilla force Latin America has ever seen. The rebel units visited recently carried computerized radio coding machines, U.S. Redeye anti-aircraft missiles and other sophisticated new equipment.

Rebel units rely on air drops by the CIA that diplomats say are flown out of Swan Island, a tiny Honduran isle in the Caribbean. CIA agents train and advise rebel commanders there and at rebel bases in southern Honduras, rebel officials and diplomats say.

The contras also showed a reporter a communications center where teams of American-trained rebels sat before the blinking green screens of their computer terminals, intercepting and decoding as many as 1,000 Sandinist radio messages a day.

As teams of mules hauled ammunition boxes outside, rebel radio operators relayed intercepted news of Sandinist troop movements by computerized encoders to rebel units in the field, which have their own computer encoding-decoding devices.

The rebels also carry U.S.-provided lists of targets, such as electrical towers, fuel dumps and bridges, to be attacked in the months ahead. The

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India to Ship Food, Medicine To Rebel Area on Sri Lanka

NEW DELHI — India announced Monday that it intended to send an unarmed convoy of about 20 small ships to Sri Lanka's Jaffna Peninsula on Wednesday with food, fuel and medical supplies provided by the Indian Red Cross.

Sri Lankan troops have been battling Tamil separatist guerrillas on the peninsula for the past week. A Foreign Ministry spokesman here said journalists, photographers and television crews would be given facilities to accompany the unarmed ships. Sri Lanka was informed of the India's plans on Monday and was asked to cooperate.

In Colombo, the Sri Lankan government responded coolly to the Indian proposal. The Foreign Ministry said the supplies were not necessary and that the means of delivery and distribution would have to be worked out.

"If, as professed, the government and people of India want to be of assistance," the Foreign Ministry statement said, "the government of Sri Lanka would consider receiving relief supplies intended for the Jaffna area purely in the interest of good neighborly relations."

An official Sri Lankan source said, however, that India's plan to distribute relief supplies in Jaffna was an infringement of Sri Lanka's

sovereignty "that we will have to oppose."

He said the cabinet held an emergency meeting Monday and Parliament would have a similar session Tuesday to pass a joint resolution "saying it is an infringement of our sovereignty to bypass the government."

Asked if Sri Lanka would fire on an Indian flotilla bringing the supplies, he said: "No, we wouldn't oppose them with arms, that would be a break in diplomatic relations." India has strongly condemned Sri Lanka's offensive against the Tamil rebels, and Prime Minister Rajiv Gandhi last week accused Colombo of slaughtering thousands of Sri Lankan citizens in the Jaffna Peninsula.

Colombo has denied Indian charges that it bombed and strafed civilians. It said 37 civilians have been killed during the military offensive along with 30 soldiers and 150 rebels.

The Sri Lankan Foreign Ministry also appeared to question New Delhi's plan for Indian Red Cross officials to distribute the supplies in Jaffna.

"The modalities of supply and distribution, it is suggested, could be worked out by representatives of both governments," a ministry statement said.

The exchange over the flotilla occurred as the government in Colombo reported that its troops had

captured the last rebel stronghold in Jaffna's northeast Vadamarachchi region, the major objective of the offensive.

"It's a very big blow for the terrorists," a government spokesman said.

But he admitted that another objective of the military action, the capture of a Tamil military commander, Velupillai Prabhakaran, had failed.

Journalists were not permitted to travel to the region to verify the situation.

However, the army lifted a week-long curfew in the rest of the Jaffna peninsula for 11 hours to allow the 800,000 inhabitants to buy supplies. It was an indication that the first stage of the government's operation to secure the peninsula was near completion.

It also said troops were distributing dry rations to civilians in Vadamarachchi and would soon lift a fuel embargo there.

Officials have said that seizing control of Vadamarachchi from an estimated 600 to 1,000 guerrillas of the Liberation Tigers of Tamil Eelam was the main objective of the operation.

In Colombo, President Junius R. Jayawardene, who has taken an increasingly tough line against the rebels in recent weeks, said he, his ministers and party colleagues would never allow the destruction of Sri Lanka's unity.

8 Years After Defeat by Hanoi, a Resurgent Khmer Rouge

By Seth Mydans
New York Times Service

TA NGOEC, Thailand — Like many of his countrymen, Kun Ngorm lost several family members during the harsh four-year rule of the Cambodian strongman Pol Pot. But unlike most Cambodians, he remains under the control of Pol Pot's Khmer Rouge administration, which holds sway in the Site 8 camp for displaced people near this small border town.

Thai soldiers guard the camp's perimeter, and international relief

organizations offer food and medical care in buildings near its front gate.

But along the narrow pathways deep inside the camp, which is crowded with 30,000 refugees, uniformed Khmer Rouge soldiers stroll openly, apparently on leave from the fighting just across the border.

Khmer Rouge organizers gather the refugees for regular political indoctrination sessions and, according to Mr. Ngorm and others, periodically recruit them as porters for their guerrilla army inside Cambodia.

Unlike guerrilla groups who control other camps along the border, the Khmer Rouge discourage contact with outsiders and, according to relief workers, forbid letter writing.

Eight years after being driven from power by a Vietnamese invasion, Pol Pot retains a fighting force estimated at 40,000 and a measure of international recognition as part of a rebel coalition backed by China, the United States and Cambodia's non-Communist neighbors in Southeast Asia.

Khmer Rouge leaders have maintained their international standing despite evidence that they killed more than a million Cambo-

dians during their years in power.

A New York-based human rights group, the Cambodia Documentation Commission, has begun a campaign to have the Khmer Rouge tried for genocide before the International Court of Justice.

"The Khmer Rouge have done quite well," a Western diplomat said. "Here we are after all these years, with this same secretive organization under the same leadership."

— *A Western diplomat*

The Khmer Rouge army is believed to be having some success in its recruitment, not only among the refugees but within Vietnamese-controlled Cambodia.

"The Khmer Rouge can get in very far inside Cambodia," said Thon Thon, an official of the non-Communist Khmer Peoples National Liberation Front, which is allied with the Pol Pot group in an uncomfortable rebel coalition.

"When the Vietnamese mistreat the Khmer people, the first ones the people find who will help them are the Khmer Rouge," he said.

Mr. Ngorm, now 30, was a student when Pol Pot came to power in 1975 and has spent his adult life under his control.

Looking at his son, 4, who stood

with his hand on Mr. Ngorm's knee, he said, "I want for him better than my life with Pol Pot, better than my life in this camp."

The Site 8 camp is the Khmer Rouge showpiece, and it is visibly

'Here we are after all these years, with this same secretive organization under the same leadership.'

— *A Western diplomat*

freer than the terrorized Sa Kasw camp to which Pol Pot-controlled refugees were first transported in 1979.

But it is a more subdued and organized place than the bigger settlements that house 200,000 other refugees along the border, with their bazaars, warlords and black marketeers. These other settlements are controlled by the two other members of the Cambodian

rebel coalition, one loyal to Prince Norodom Sihanouk and the other to Mr. Thon's faction.

As a measure of the camp's tight organization, the International Committee for the Red Cross counted only a half-dozen violent incidents in the last year.

But aid officials worry about four smaller Khmer Rouge camps, where they have been permitted only occasional visits.

Within Site 8, the uniformed soldiers do not approach the administration buildings, where on Wednesdays the refugees line up with their ration cards for the weekly deliveries of rice, canned fish, flour, beans, cooking oil and salt.

Groups of Khmer Rouge soldiers in green canvas shoes, green uniforms and green Chinese-style caps stroll the pathways or lounge in the shade of the tiny huts. When the soldiers see a foreigner, they flee in all directions.

An outsider finds little criticism of Pol Pot or the Khmer Rouge.

"I am a supporter of the Khmer Rouge," said Or Ee, who works in the camp's hospital. "All the people here support the Khmer Rouge. Some people say Pol Pot was bad. For me, I did not see him kill people. I don't know about that."

He and others insisted that recruitment for the Khmer Rouge supply lines was voluntary.

It is a vital aspect of the conflict, which one diplomat described as "a war of supplies."

"If the resistance can only build supply routes into the country, if they can recruit, train and maintain a presence inside the Vietnamese are in trouble," said Mr. Ngorm.

Mr. Ngorm has been among those recruited.

"I have gone to the camp," he said. "I have carried rice and the military supplies for three days or a week. Vietnamese attack, we fight them and I hide myself in a good place."

He, too, said this work was voluntary, but added, "I am some because they are afraid. The ones who are afraid, they remember how it was before."

As he talked to a reporter, a crowd of curious children and unsmiling adults grew outside the shade of the hut. Mr. Ngorm, with his smallpox scars, said:

"There are things I cannot say, the true things," he said apologetically. "I know many things. I am very sorry that I cannot say."

A Broader Education for Engineers

MIT to Require Courses in Arts, Humanities, Social Sciences

By Edward B. Fiske
New York Times Service

CAMBRIDGE, Massachusetts — As the first step in a long-term effort to broaden the education of engineering students, undergraduates at the Massachusetts Institute of Technology will be required to pursue more systematic study of the arts, humanities and social sciences.

Starting with the freshman class next year, undergraduates will be required to take at least three courses that stress such fundamental academic themes as literary traditions and the origins of political institutions.

For the first time, they will be allowed to choose nontechnical disciplines, ranging from philosophy

to the role of women in society, as a minor field of study.

The changes were approved by a faculty vote May 20 after vigorous debate and student opposition. They are part of what Paul E. Gray, president of the institute, termed a "searching assessment and reformulation" of what engineers do and how they should be trained.

"A professional engineer can no longer be narrowly focused on technical interests," he said. "He lives and operates in a social system, and he needs to understand cultural and human values. Humanities courses cannot be viewed merely as frosting on the cake."

The changes are also meant, institute officials said, to dispel the notion that engineers are "technological mercenaries" who solve other people's problems. Another aim is to prepare more graduates for major policy-making posts in politics, business and other fields.

"Too many MIT graduates end up working for too many Princeton and Harvard graduates," said Ann F. Friedlander, dean of the School of Humanities and Social Sciences.

As the next step in the effort, courses are being planned in which students would study the social, political, economic and other consequences of technological developments. Prospective topics in these courses are to include economic competitiveness with Japan and the politics of the development of the hydrogen bomb.

"The idea is to bridge the two worlds of the humanities, arts and social sciences on the one hand and engineering and society on the other," Margaret L.A. MacVicar, dean for undergraduate education, said of the courses in the next phase of the program. "The hope is that this will become a requirement."

The institute has about 4,500 undergraduates. Two-thirds of them, more than ever before, are enrolled in the School of Engineering and Computer Science.

Science and mathematics majors account for nearly a quarter of the students, and the rest, about 10 percent, pursue majors in the arts, architecture, humanities or social sciences.

Rome Outlines War on Litter

United Press International

ROME — Rome's 208 sanitation workers were empowered Monday to issue on-the-spot fines to litterers ranging from 30,000 lire (\$23) to 700,000 lire. The minimal fine of 30,000 lire covers abuses such as tossing cigarette butts and other small bits of refuse on the streets.

The fine for leaving a bag of garbage on the street will be 50,000 lire and dumping a load of garbage or trash from 200,000 lire to a maximum 700,000 lire. City sanitation officials have installed big, bright yellow garbage cans because the old models — small, orange plastic containers attached to street signs — were small and constantly overloaded.

Some Romans think the campaign will not work. In a letter in Rome's *Il Messaggero* newspaper Monday, the head of the city's environmental department, Gabriele Alciani, noted that officials have been trying to clean up the city for centuries.

U.K. Demands Apology From Iran for Abduction

The Associated Press

LONDON — Britain said Monday it had demanded an apology from Iran for the one-day abduction of a British diplomat in Tehran and said Iran had "trumped up" a case against him.

The British foreign secretary, Sir Geoffrey Howe, said there was no foundation for charges against the diplomat, Edward Chaplin, who was abducted Thursday.

Sir Geoffrey expressed skepticism over Iranian claims that the action against Mr. Chaplin was not related to charges brought against Ali Qassemi, an Iranian vice consul in Manchester, England.

Mr. Qassemi, 29, has been charged with shoplifting, reckless driving and resisting arrest.

He was released on bail the same day that Mr. Chaplin was kidnapped.

"Frankly, it is very difficult to believe that they are not connected," Sir Geoffrey said.

"It would be quite unjustifiable for them to be connected, but it

does look as if they have been

trumped up in response to a charge on which their official in this country would stand trial.

Prime Minister Margaret Thatcher described the Chaplin affair as outrageous and said pressure would be kept on Tehran.

The Foreign Office said Britain had demanded an explanation for the abduction and arrest of Mr. Chaplin.

An official said Britain had demanded an apology, as well as details of the charges. The Iranian said they were bringing against Mr. Chaplin.

"We have made it clear both here and in Tehran that we are not prepared to wait indefinitely for an answer," the official said.

Mr. Chaplin, 36, was kidnapped by six armed men while driving in Tehran.

He was beaten in front of his wife and two children and held for 24 hours.

Iran has said he will be charged with unspecified offenses.



In South Korea, a Mothers' March for Jailed Activists

About 60 mothers demanding the release of 150 student activists were arrested Monday in Seoul as they marched toward the city hall. In the front line of protesters was a 67-year-old woman whose grandson had been jailed for demonstrating against the government of President Chun Doo-hwan. Her headband says: "Down with Dictators." About 300 police took the women away on buses.

ISRAEL: Combination of Fierce Pride and Fear Fuels Hostility in West Bank Towns

(Continued from Page 1)

ters, you can see all the symptoms of a twilight war, an intercommunal strife that has nothing to do with diplomatic initiatives and that renders them totally superfluous.

"We are now faced not with the old notion of the Israeli-Arab conflict involving external forces and governments," he says, "but we are coming closer to a civil war of two competing nationalisms in the land west of the River Jordan."

Most of the estimated 60,000 Jews who have settled in the occupied territories are, like Ofra Moses, not messianic ideologues but middle-class suburban commuters. They are being sucked into the conflict by circumstances and by their own instinctive belief that Jews should have the right to reside anywhere in the biblical Land of Israel.

They have come into conflict with a new generation of Palestinians who, like Mousa Hanafi, either were born or have come of age during the 20 years of Israeli occupation.

Many Israelis dreamed that two decades of contact between Arab and Jew would blur the lines of hostility and create the beginning of understanding.

Instead, they have given birth to young people who are more militant, more frustrated and more desperate than their elders and more inclined to lash out with whatever meager weapons they can employ.

An important element in this conflict is that neither side recognizes the legitimate claims of the other, or even the other's humanity.

Thus for many young Palestinians, Ofra Moses was not a young mother seeking to raise her children in fresh surroundings, but a foe usurping their land. Likewise, to many Jewish settlers, Mousa Hanafi was not a gifted young student, but an enemy manipulated by terrorist elements.

There are souls on fire on the West Bank, Arabs and Jews, some of them reluctant combatants, others eager warriors. This is a look at a few of them and the battlefields on which they struggle.



At the Western Wall in Jerusalem, Jewish settlers celebrate the anniversary of victory in the 1967 Six-Day War.

enjoyed and damaged the good will between neighbors.

"I don't like what is happening to me," says Nili Priel, a high school history teacher who lives in Alfei Menashe with her husband, an insurance agent, and two young children. "I don't want to behave toward the Arabs as the goyim behaved toward us. I don't want to hate them. I just want to live quietly like before."

Mrs. Priel has been a lifelong member of the Labor Party, the more dovish of Israel's two main political blocs, and she estimates that Labor once commanded the support of perhaps 40 percent of the population in Alfei Menashe. But she and her friends are beginning to move to the right.

"It's amazing, but all your feelings change, even your politics," she says. "I am angry and I am afraid and it's not a nice feeling."

For the 12,000 Arabs of Kalkiya, life also has changed.

After Ofra Moses' death, Jewish vigilantes armed with automatic weapons descended on the city, smashing shops and car windows and burning nearby fields. There have been a number of firebomb incidents since, and the vigilantes have returned several times.

Six residents have been arrested for alleged terrorism, and Kalkiya has been under military curfew for extended periods, its shops shuttered, its roads cut off by army checkpoints.

Despite the increased military presence, the leaders of Alfei Menashe complain they are not getting adequate protection. Mayor Shlomo Caton says he was surprised to wake up one night two weeks ago and discover that army patrols had been withdrawn from the area near where the Moses family had been attacked.

If the army will not patrol the area, he complains, it should authorize settlers to form local civil guards to protect themselves. Such

before using the gun, but not to smash his face with a stick."

Mr. Ben Yishai is a member of Kach, Rabbi Meir Kahane's far-right political party, which advocates the forced expulsion of all Arabs from the biblical Land of Israel.

The party commands the support of perhaps 3 percent of the Israeli electorate. But it includes somewhere between 20 and 30 percent in this settlement, where many perceive themselves as besieged by both hostile Arabs and an uncaring, ambivalent government.

There is no welcome sign outside the Calandria refugee camp near Ramallah, but instead a 20-foot-high (six-meter) chain-link fence stretching along a 300-yard strip between the camp and the main highway.

The fence is designed to protect cars from rock throwers. Each year, residents say, the Israeli authorities have made it a little higher.

Calandria wears its scars proudly. Residents like to show visitors the youth center that has been boarded up and ringed with barbed wire since 1981 when someone tried to show a film deemed anti-Israeli by the authorities.

Seven houses have been demolished or had rooms sealed after occupants were arrested for alleged terrorism.

The occupation authorities contend that Israeli rule of the West Bank and Gaza is a success story. While still below Israeli levels, the standard of living there has quadrupled in 20 years, infant mortality rates have been halved. There are five universities; before 1967, there were none.

The universities were built with outside funds, mostly from the Arab and Western world, and millions of dollars have flowed into the territories from Palestinians working the oil fields of the Arab emirates.

Between 90,000 and 120,000 Arab laborers travel to Israel every day for work, at least partly because there has been little investment in industry and centers of

employment on the West Bank under Israeli occupation.

The authorities are now engaged in a cooperative effort with Jordan's King Hussein to further improve the quality of life and produce moderate local leaders beholden to Hussein and not to the outlawed PLO.

Part of this strategy is a tough crackdown on those considered PLO operatives, including a revival of practices such as six-month administrative detentions and forced expulsion.

But none of this seems to have succeeded in pacifying the new generation of Palestinian students. Call it the frustration of rising expectations, as the Israeli authorities do, or resistance to an oppressive occupation, as the Palestinians describe it.

Either way, both sides concede, it is tangible, angry and increasing, especially at the universities and at the 28 refugee camps that dot the territories.

In December, a 16-year-old schoolboy in Ramallah ran up behind an Israeli soldier, shouted "Long live Palestine," and plunged a short-handled ax into the back of the soldier's head.

Not long before that, a pregnant 24-year-old Arab mother in Hebron was shot dead trying to slit the throat of a soldier with a kitchen knife. In February, an Arab taxi driver was shot dead by soldiers he tried to run down with his car.

The incidents, all of them in broad daylight, suggest a shift in the nature of the struggle. No long-

er is the army fighting professional terrorists imported from outside the West Bank. Now, according to General Ehud Barak, the army's deputy chief of staff, about 80 percent of violent incidents are initiated locally, most of them by Palestinian youths.

The army and the youths are locked into a vicious cycle, with each incident leading to a military response, which in turn often triggers another attack.

After Mousa Hanafi's death, the army ordered Bir Zeit University closed for four months. Students seized Mr. Hanafi's body from a morgue to prevent the Israelis from ordering a quiet midnight burial.

They wrapped him in a Palestinian flag and burned him in full political splendor outside his hometown of Rafah, where the funeral set off another day of rioting and tear gas.

"These kids have grown up in a sense with the barrel of the gun over their noses," says Daoud Kuttab, a Palestinian newspaper editor. "So from their limited point of view, they believe might is right, that if you have power you can rule the world. The army may have the guns, but they have stones and they have numbers. The army patrol may pass by every four hours, but for the rest of the time the kids rule the streets."

In many ways the future of the young Palestinians is a dead end. Opportunities for skilled professionals such as doctors, lawyers and engineers are limited on the West Bank.

For most, their fate will be decided on the West Bank because they have no place else to go.

In a small office in one of Calandria's training centers, 10 Palestinians aged 14 through 23 — six males and four females — gathered to talk about the occupation and themselves, speaking on condition that their last names not be used.

All but one said he or she had thrown rocks or bottles at Israeli soldiers or at cars, and all said they would do it again. Five had been arrested and others had close friends or relatives who had been. Most said the only Israelis they ever met were soldiers and police.

They throw rocks, they say, because they have no way of effectively protesting the occupation. There have been no local elections here in 11 years, ever since a group of PLO mayors were swept into office and later deposed by the Israelis.

They feel they have no control over their lives or their political fate, so they lash out. If they had guns and bullets, they say, they would use them.

"We have felt insecure ever since we were born," says Samaa, 23, a Bir Zeit student. "Violence is the only way the whole world will see us and hear us. They see us as terrorists, but this way is the only way."

How do they feel about the death of Ofra Moses? The answers are uniformly harsh.

"We do not want to kill women and children, but all Israelis are enemies to us," says Abir, 23. "They are creating a sort of retaliation by killing children, men and women in the occupied territories and in the camps in Lebanon. They have killed thousands of us with their guns and their cluster bombs, so it is hard to feel sad when one of them dies."

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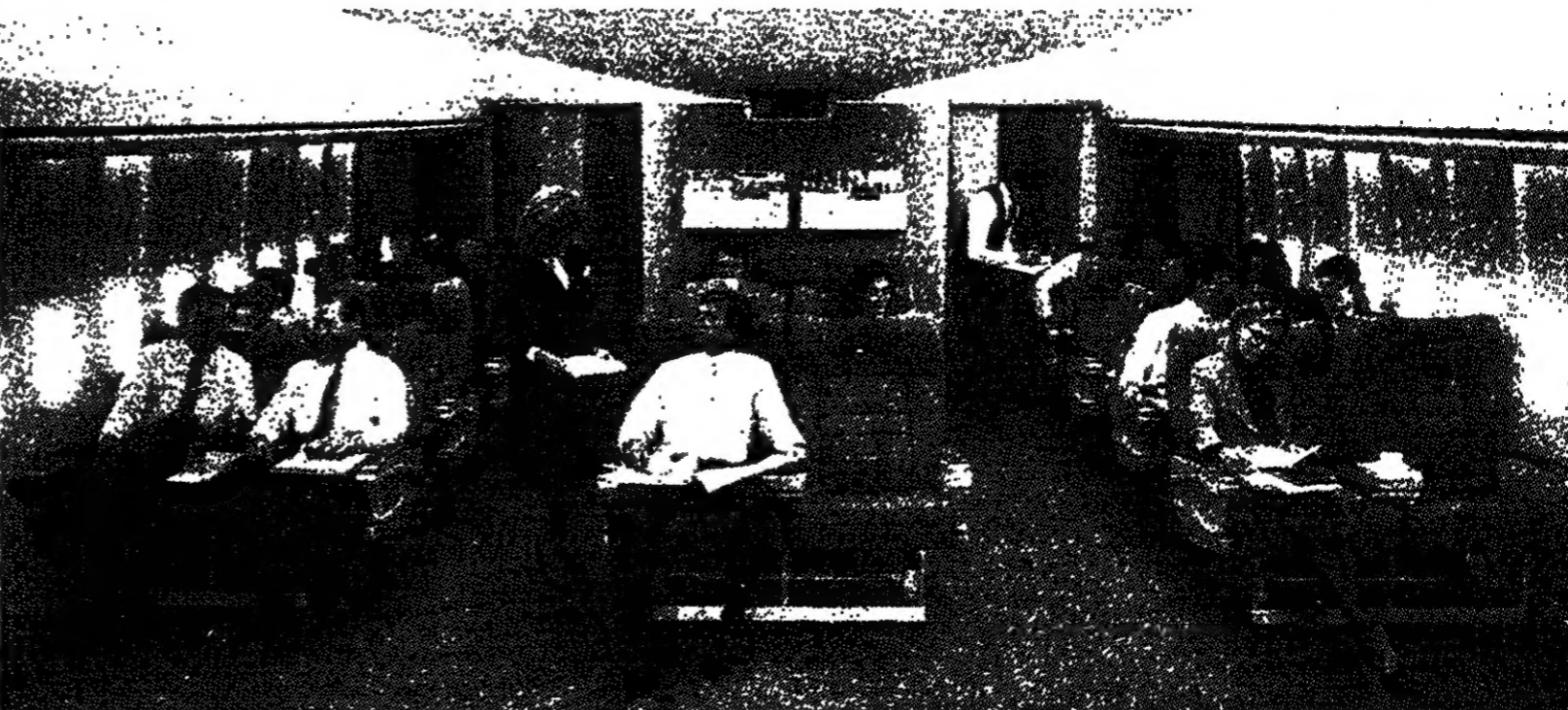
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ist of the underground African National Congress. The group is political controversy in South Africa since they quit their whites-only discredited, him and his brothers.

Herald Tribune

Published With The New York Times and The Washington Post

Red Faces in Red Square

Suddenly an incident that looks at first glance like a stunt — the young West German pilot's landing at a civilian plane in Red Square — becomes a major political event in Mikhail Gorbachev's Kremlin. The defense minister and the air defense commander are out on their ears in what has to be seen both as a major shake-up and as a recalibration of one of the most sensitive political connections in a Communist society, the relationship between the ruling Communist Party and the military.

If it was not some sort of rigged event we do not know about, the daring solo flight by 19-year-old Mathias Rust in a little Cessna 172 across more than 400 miles (650 kilometers) of heavily guarded Soviet territory was the most audacious violation yet known of Soviet airspace, and of Soviet pride. He landed hard by the Kremlin, the very symbol of the Soviet fortress, and this in a country that puts an immense premium on air defense.

But this was not the first intrusion. In 1978 and again in 1983 South Korean airliners wandered deep into Soviet airspace. The first plane eventually was forced down, and the second was shot down with the loss of 269 lives. So the Soviet military was surely on notice when the Cessna was observed on Thursday after taking off from Helsinki. Yet Soviet fighter planes merely circled it and let it proceed without interference on

what turned out to be its way to Moscow. It is just possible that the restless, modernizing Mr. Gorbachev, keen to the uses of power, had been wishing for such an occasion to move out the old-guard defense minister, Marshal Sergei Sokolov, 75, whom he inherited when he became party general secretary two years ago. In any event, the incident let him make a personnel shift that can be explained in terms of defense requirements and Soviet internal politics.

That is what was indicated by an unusual Politburo statement that not only announced the personnel shifts but delivered a rare institutional critique of "serious shortcomings in organizing the protection of the airspace of the country, a lack of due vigilance and discipline and major dereliction of duty in the guidance of forces by the U.S.S.R. Defense Ministry." Clearly, the military has been taken down a large peg.

But if that is clear, not much else is, which should warn off those who are tempted to use this incident for making points or drawing lessons about such things as accountability, the effectiveness of Soviet defenses and the implications of it all for U.S. strategy. Before we get into that heavy stuff, it would be good to know something more about the motives and machinations behind the bizarre and mysterious flight of Mathias Rust.

— THE WASHINGTON POST.

The Protectionist Weed

Poisonous protectionism is spreading in the U.S. Congress. Practically speaking, the foreign trade bill that the Senate Finance Committee has connected is hardly distinguishable from the House version. Both ought to provoke urgent opposition. The longer this false flower lives, the more it threatens to intoxicate politicians and public.

Only in one major respect does the Senate bill improve on the one just passed by the House. It omits the harsh posturing of the amendment sponsored by Representative Richard Gephardt in a misguided attempt to redress the trade deficit. Senate supporters never brought it to a vote in the Finance Committee. They feared defeat and preferred to take it to the full Senate, the same tactic Mr. Gephardt used in the House.

Whether or not this particular amendment survives, other pernicious Senate amendments are in the works. The protectionist strategy is clear and powerful: Blame foreign exporters for a trade problem they didn't create. . . . Tighten the screws to keep out their products. . . . Ignore the fact that curbing trade will hurt American consumers.

The Finance Committee has fertilized the protectionist weed with three particularly objectionable contributions:

• The Senate bill would put authority in the wrong hands. Effectively, the proposal would let the government's international Trade Commission decide what tariffs or quotas to impose when an industry is injured by imports, even if foreign competition is fair and square. The president has final say now, as he should. He is best placed to assess the impact of such steps on diplomacy and the economy.

The Gephardt plan, which amends the section of the law dealing with unfair competition, also strips presidential authority. It virtually orders the president to impose still import curbs against countries with allegedly unfair practices and large surpluses in trade with the United States.

• A provision on oil imports would give the president too much authority. If he foresees that dependence on foreign oil will exceed 50 percent, he would be required to raise taxes on imports or lower them for domestic producers. Congress would effectively abdicate its responsibility for tax law.

• The bill has a foolish mechanism for helping displaced workers. The assistance program would be worthy, but it would be paid for with a highly questionable tax on almost all imports, thereby inviting retaliation against American exports.

On the positive side, the committee bill would give the administration six-year authority — the House gives five years — to negotiate with other countries for mutual reduction of trade barriers. That is the right path to healthy growth.

The committee bill will shape the final Senate package, but a half-dozen other committees, and individual senators, are offering amendments. Come summer, a conference committee will meld the Senate and House bills. The Reagan administration justifiably loathes both. With luck, leadership and effective lobbying, it might induce the conference to compromise and knock out the worst. But to wait that long is chancy strategy. The time for every conscientious senator to fight is now.

— THE NEW YORK TIMES.

\$35 Billion, the Easy Way

If all American taxpayers paid all their federal income taxes, the budget deficit would shrink overnight by two-thirds, more than \$100 billion escapes collection each year. That President Reagan and Congress ignore it is a scandal. Representative Byron Dorgan has a list of 15 ways to increase collections by \$35 billion a year. The administration and Congress ought to stop battling over tax increases long enough to take a look.

Mr. Dorgan knows the tax system. North Dakota's tax commissioner for 11 years, he is now reinforced by an expert task force that he assembled after the 1985 breakdown in tax return processing. The task force recommends 10 improvements in assistance to taxpayers and eight for catching evaders. Cost: \$3.6 billion over five years. Benefit: a \$7 billion increase in revenue each year, reaching \$35 billion in the fifth year, for \$105 billion in five years.

Much of what the task force would do would undo the folly of early Reagan penny-pinching. Cuts in the Internal Revenue

budget meant letting taxpayers off the hook. Income tax compliance dropped from 86.5 percent in 1980 to 81.5 percent in 1986, and no wonder. Hundreds of tax offices and to close and audits were down to 1.1 percent, less than half the rate of 1976. The administration woke up last year, and is adding 7,500 agents to a force of 17,500 — one of several increases the Dorgan report advocates. Every dollar spent on tracking evaders is repaid many times. The value of helping honest taxpayers is also clear. People who phone for help are discouraged by busy signals and misinformation. This says the government doesn't care, so why bother to get it right? The task force wants hot lines staffed nights and weekends in the filing season, and a better-trained staff. Amen.

The Dorgan plan aims to raise voluntary compliance by 1 percent a year for five years, back to 86.5 percent. It is a sensible goal. No one thinks 100 percent is possible, but to ignore a \$100 billion shortfall is intolerable.

— THE NEW YORK TIMES.

Other Comment

The Beating of a Diplomat

It was difficult initially to establish who was responsible for the beating and abduction of Edward Chaplin, Britain's second-ranking diplomat (in Tehran). It is now clear that it was the work of the Iranian government itself. The Iranians have repeatedly mentioned the case of Ali Ghassemi, a member of the Iranian Consulate in Manchester who was released on bail last Thursday — the day of the disgraceful attack on Mr. Chaplin — after being charged with shoplifting, reckless driving and assaulting a police officer. The Iranians have denied any linkage but suspicion remains that Mr. Chaplin's ordeal was in retaliation for what happened to Mr. Ghassemi. If such is the case, the question arises as to whether there is any point in maintaining diplomatic links with Iran in its present condition. To assault an official enjoying

full diplomatic immunity because of charges brought against another for actions not covered by immunity is a heinous breach of what constitutes normal behavior between normal governments.

— The Independent (London).

Small Test of Soviet Doctrine

Warsaw Pact leaders published a document on military doctrine which contains two ideas that might help to improve the international climate. Both need to be tested in practice. (Mathias) Rust and his Cessna will provide one such test. Soviet authorities now have to decide whether to try the pilot or to expel him from the country. If they can bring themselves to do the latter, while ensuring that their defense command is more alert in future, there is a chance their doctrine may be worth a second glance.

— The Times (London).

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OPINION

The Gulf: A Tough Beat for America to Police

By Stansfield Turner

WASHINGTON — President Reagan's remarks Friday on the Gulf situation were almost bellows toward Iran. This must reflect the depth of his wounds over the arms-for-hostages fiasco. But his personal pique should not determine how the United States goes about fulfilling its commitment to keeping the Gulf open to shipping.

When thinking about U.S. naval involvement in the Gulf, three facts should be taken into account:

- There is no way to predict whether the Iranians will challenge U.S. protection of shipping.
- If the Iranians do attack, there is some chance they will succeed.
- In response to a successful Iranian attack, the United States would be forced to escalate hostilities.

Unfortunately, the United States has been reacting to events in the Gulf without defining where that may lead. I am not suggesting that the United States should not shoulder responsibility for protecting shipping in the Gulf. What little credibility it has in the Middle East would be shattered if it simply walked away. But Washington needs to think through how it will react if U.S. forces are attacked, and what the consequences will be.

U.S. power is not being committed simply to defend 11 Kuwaiti ships flying American flags. If Iranian attacks begin to take a substantially higher toll on all shipping, the United States will be seen to have failed. So the task will be nothing short of ensuring a reasonably normal flow of non-Iranian shipping through the Gulf.

There are two ways to defend shipping in the Gulf: to ride shotgun for individual ships or convoys (which I will call point defense), or to attack the source of the threat, the Iranian Air Force and Navy, in their bases.

Until the Iranians strike a first blow, the United States is for all intents and purposes, limited to the point-defense option. America does not want to initiate a war with Iran.

The damage done to the USS Stark raises questions about point defenses. The problems are clear. At one extreme, any ship is vulnerable if the attacker gets the first three shots. Modern missiles are lethal. Modern ships are not ringed with armor and must depend on their self-defense systems, which may have only a few seconds in which to react. At the other extreme, any ship's self-defense system can be overwhelmed by a mass attack, say, 10 missiles fired at once.

The Stark was close to the first extreme, and the captain had the additional disadvantage of being in that twilight zone between peace and war. A good bit of the Stark's handicap has been eliminated as U.S. forces move closer to a war footing.

The risk at the other extreme, of mass attacks, is not high. The Iranians appear to lack the capability for large, coordinated naval and air attacks.

The issue is whether the U.S. navy can improve the chances that point defenses will be successful. Under the plan announced Friday, the United States will increase its Gulf task force by three destroyer-type ships, including a more sophisticated missile cruiser. Whether that will be sufficient remains to be seen. But clearly, it will improve the navy's prospects.

Air cover could also be provided during daylight hours, on the assumption that Iranian capabilities for night attack are low. The president's plan includes a provision for at least partial air cover. But unless the navy is willing to bring its carriers into the Gulf or the air force is able to obtain the use of bases on land, it would take a prodigious and very expensive effort to maintain air cover over Gulf shipping.

There is also a problem of geometry. U.S. aircraft cannot just be anywhere over the Gulf. They must be able to race to a ship under threat faster than an Iranian aircraft can get from its base to a point 30 to 40 miles (50 to 65 kilometers) from the ship and launch a missile. From one Iranian air base it is only 120 miles across the Gulf; so U.S. aircraft would have to be almost on top of the ships they were protecting. Land bases are preferable, but they may be ruled out by local politics. Even from land bases it would be an expensive operation.

Iranian air attacks are not the only threat. Iranian missile boats could dash out to the Gulf; the Iranians have Chinese Silkworm missiles, which could be mounted on land near

the Strait of Hormuz to fire at passing ships, and they have mines that could be placed in the strait.

These threats are probably manageable. Mining a strait that is 30 miles wide is a large undertaking; the Silkworm is a relatively large missile that American surveillance aircraft and ships should find easy to detect; and

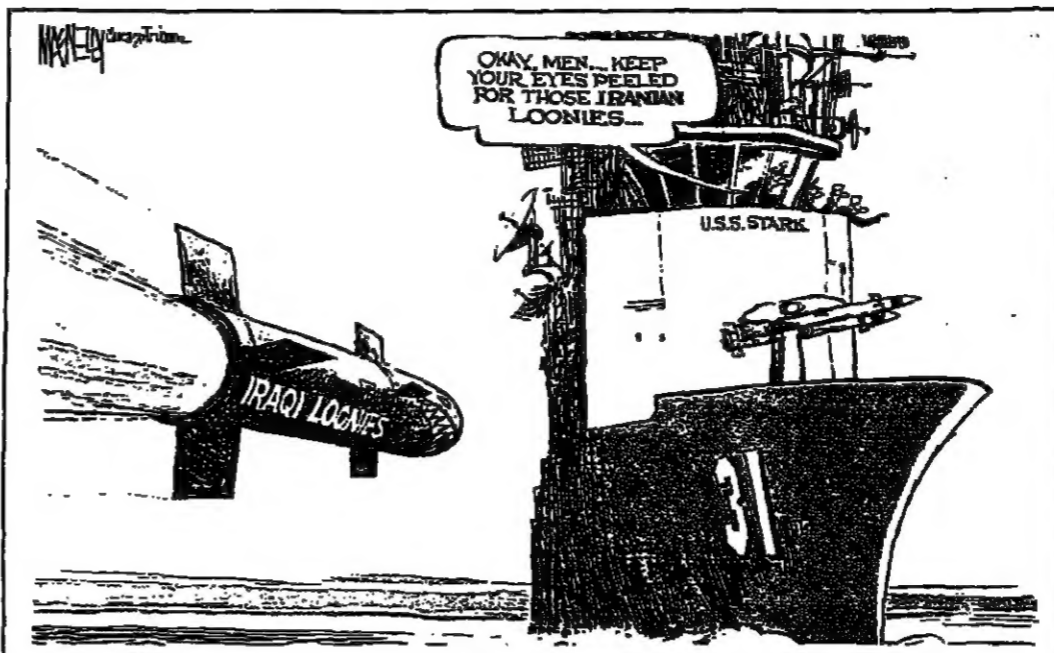
reflexes on the part of American forces or just plain luck. If the Iranians opted to run against high odds, they might damage or sink a U.S. ship.

After that, the prospects of a third ship damaged or sunk would loom as a political disaster at home. It also would undermine confidence in the ability of the United States to protect its interests in the Gulf.

At that point, I believe, the president would have to shift to the tactic of attacking the threat before it was launched. That would mean using aircraft from carriers to attack Iranian air and naval bases. By eliminating as many of the Iranian aircraft, ships and missile installations as possible, the threat could be reduced appreciably.

Whether Iran will risk attacking a U.S. ship I would not want to predict. We Americans have been abysmally poor at reading the Iranian mentality over the last 10 years or so. There is, though, one action they could take at small expense. They could force U.S. forces to stay on this costly alert by making threatening claims. That would keep tensions high and run the risk of inadvertent hostilities.

In short, the United States may be compelled to initiate broad hostilities against Iran, or it may simply be drawn into such a conflict. Americans



A UN Flotilla Could Help Keep the Peace

By Jonathan Power

LONDON — The Gulf is critically important not only to Western ships but to those of India, Brazil, Japan, South Korea and a host of other countries. There have been 300 attacks on merchant vessels by Iran and Iraq this year: ships of all nations are at risk.

The Russians have proposed a form of joint patrols with the United States, a suggestion rejected out of hand by President Reagan. A better approach would be for the matter to be referred to the United Nations Security Council, which, after agreeing on the need to keep the Gulf open to ships of all countries, could issue a mandate to a representative group of maritime nations to send in a flotilla under the UN flag and a unified command.

It would be best if the superpower navies stayed out of this. They have a way of stirring up hostile passions. But many other nations could contribute to such a force — Argentina, Australia, Canada, India, Japan, Pakistan and Yugoslavia, for example, all have capable navies.

A strength of the various UN armies that have been raised — thanks to experience in Lebanon, Cyprus, the Golan Heights, the Congo and elsewhere — is that they have developed means of coordinating deployment, matching

radio frequencies and integrating a command structure. UN forces have an ethos of peace-keeping, of holding fire in the face of provocation, of mediating between hostile forces, and when fighting breaks, calling upon political authorities to reassert control over their armed forces.

The United Nations, of course, has never mounted a naval force. But the challenge can be met. Each ship would need to remain sovereign with its own crew. But then UN army battalions have always been national units.

A UN Navy would not necessarily ensure peace in the Gulf, but it would make it more difficult for Iran and Iraq to spread their war to innocent outsiders and it would be an important precedent for future flare-ups in the world's most volatile neighborhood. It would more justly spread the burden of policing the waters of the Gulf.

Most important, it would take the Gulf, the Strait of Hormuz and an important part of the Middle East oil fields out of the superpower arena. How much better that for once the world act together to dampen a flashpoint before passions and principles get out of control.

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A Dirty Job That Might Have Been Avoided

By Jim Fain

WASHINGTON — President Reagan is doing the right thing in the Gulf, but for the wrong reason. Without energy independence — and America is not moving in that direction under his administration — the oil must be kept flowing. That is a strategic imperative, more for America's allies than for itself.

Senator John Glenn of Ohio, who flew fighter planes in World War II and Korea, is appalled that the U.S. Navy pushed into the Gulf with only seven ships, no fighter cover and no clear orders on when to shoot. Yet he is as vehement as any Reagan cowboy that the sea-lanes must be kept open.

Months or even years ago, U.S. officials should have negotiated plans for air bases on Kuwait and Saudi territory, back when America had the bargaining leverage.

Blue-water admirals persist in the conceit that surface ships can be made invulnerable. General Billy

Mitchell knew better long before the Japanese proved him right at Pearl Harbor and Singapore. Ships cannot survive without air cover. Providing it in the Gulf demands land bases. Carrier groups cannot maneuver in that restricted area. It will be difficult to work this out now. NATO is already looking the other way. The moderate Arabs are timid too.

That all this should have been foreseen does nothing to negate the necessity of moving now. Mr. Reagan's mistakes make the task harder but no less vital. He will not say what he is going to do now, which is all right. Nobody minds his not saying. It is his not knowing that is bothersome. He should have had his meeting to fix the mission, force structure and rules of engagement months before he got around to it last week.

But there should be no question of cutting and running. Unlike his theatrics in Grenada, Nicaragua and Beirut, this is big casino. We must face this chore with adequate force, resolve and military skill.

It is a president's role to get those ducks lined up and then come to the country to explain why the mission is essential and what it may cost in blood, sweat and tears. That is how a democracy gets a dirty job done.

Cox News Service.
The New York Times.

Loosening the Leash on Eastern Europe

By Stephen Rosenfeld

WASHINGTON — Ever since the Red Army took over in World War II, Eastern Europe has been the region where Moscow held on, preaching Communist solidarity and practicing Soviet control. Yet the other day Mikhail Gorbachev could be found in Romania, a chip off the old block but nowadays a very different chip, reaching over the heads of the Romanian leadership and promoting his model of reform.

What is going on? For decades the West, especially the United States, has urged liberalization in Eastern Europe on the theory that this was the way to bring relief and to loosen the involuntary ties by which Moscow binds those parts to its empire.

Why would a Soviet leader become spokesman for the region's liberalization, a development carrying with it the possibility — one that became real in the time of an earlier reformer, Nikita Khrushchev — of party crisis and popular upheaval?

What does it mean for the West that Mr. Gorbachev, even as he insists that "no party has all the rights answers," presses reform in places (Romania and Czechoslovakia) that have resisted it and encourages it in the places (Hungary and Poland) where it has local sponsorship?

Mr. Gorbachev, having moved an older generation out of the Kremlin, is trying to prepare the ground for the replacement of Eastern Europe's aging, still-reigning Brezhnev. This is an unmistakable political interven-

tion designed to help bring the region's Gorbachevs to power.

Moscow retains its command of the Soviet bloc's military and economic alliances, but Mr. Gorbachev is taking a chance by promoting reform in a region that societally is far more free than the Soviet Union. In Eastern Europe, the conservative checks to its progress might not be nearly as strong as in Moscow.

He is on a course that many experts, such as Lincoln Gordon, the director of a new Brookings Institute study, "Eroding Empire," believe could threaten the stability of Eastern Europe, with all the complications that could ensue for the West.

Mr. Gorbachev's boldness has caught many experts with their jaws agape. In the conventional view, change in Eastern Europe, if it is to endure and to avoid merely being too good to last, it must not disturb a Soviet interest that Soviet power makes dominant.

For nearly half a century, Western policy debate has been based upon the expectation of Soviet resistance to reform. It became routine to warn, as the Brookings study does, that "there is no viable way in which Soviet control could be loosened by force or through popular rebellions contrary to Soviet will."

But could it be loosened by Soviet stimulus, acquiescence and coopera-

tion? It would be something new under the socialist sun.

The West is full of alarms that Mr. Gorbachev is intent on separating Europeans from the United States and from each other. President Ronald Reagan conceded to foreign interviewers last week that it worried him that some opinion polls in Western Europe find Mr. Gorbachev more popular and credible than he is. One can guess, however, that polls in Eastern Europe would find an enormous reservoir of good will for America and American ways, if not for Mr. Reagan personally. Mr. Gorbachev would know this. Does he want to make it work for him?

Mr. Reagan is regarded by some as a bit crude in his impatience for East Europe's freedom. For instance, he reiterated to the interviewers his belief that Germany should be reunited and the Berlin Wall should come down. Not for him to fret, as the conventional thinkers do, about how this would be accomplished and what the risks and costs might be.

But Mr. Gorbachev, it seems, is on the slippery slope leading to similar questions, as troubling as they are bound to be to others in the Politburo. He appears to have begun asking if the Kremlin's best hope of keeping its allies faithful is not to let out the leash. Because Soviet tutelage has instilled caution, he finds himself prompting wary East Europeans to tug at the new slack at their end.

The Washington Post.

The Flukes That Scuttle Theories

By Flora Lewis

MOSCOW — The strategic balance is finely calculated in weapons systems and numbers, but a tiny Cessna sports plane piloted by a West German teen-ager flies through 400 miles of Soviet air-defense systems, the world's mightiest, and lands plunk in Red Square, before the gates of the Kremlin.

The superpowers frighten the world and Washington says warships, flying the American flag are enough to assure the safety of shipping in the Gulf oil artery, but . . . an Iraqi fighter slams two French missiles into an American frigate, disabling it and killing 37 sailors.

High technology creates fantastic new prospects advancing the prestige and power of nations, but . . . as Senator Albert Gore pointed out here, in the past year and a half, the American space shuttle Challenger exploded and a reactor at Chernobyl spewed radioactive dust around the world.

The theories break down through both technological and human error. Still, there have to be plans, programs, calculations if anything is to be done. Expectations have to be evoked if they are to be realized.

Mr. Gore, a candidate for the Democratic presidential nomination, was addressing the 3,000 delegates to the seventh annual Congress of International Physicians for the Prevention of Nuclear War. They made clear how high expectations have grown for an early Soviet-American arms control agreement and a Washington summit conference. Both General Secretary Mikhail Gorbachev and President Reagan sent messages to the congress, envisaging an accord.

Some serious problems remain in what began as an effort to roll back the military clock to Soviet deployment of SS-20 missiles in the mid-1970s, followed by deployment of U.S. Pershing-2 and cruise missiles in Europe beginning in 1983. Now the talks are mixed up, with arguments about shorter-range missiles, battlefield nuclear weapons, chemical arms and imbalance in conventional forces.

If there is to be any arms reduction, a start has to be made somewhere. To start with intermediate-range missiles was not logical; it was simply how things evolved. It would have made better sense, particularly for the exposed countries on the frontier and especially West Germany, to move up from the smallest atomic arms, which would be used first.

Now the West Germans are nervous that they will be left as the nuclear firestorm, in the words of the British prime minister, Margaret Thatcher, which infames Helmut Kohl, West Germany's chancellor. Still, that is not the crucial point. As more and more leaders East and West are acknowledging, the issue is the threat of war, and all the levels of arms are linked in creating the fears that created the armaments. Reversing the spiral is more important than precisely where the turn begins, providing there is some overall assurance on the new direction.

NATO, like a superzetter, is cumbersome and hard to turn around. At the moment, it has proved incapable of answering new Soviet proposals, which are coming at a dizzying pace. The latest is a vague but interesting Warsaw Pact offer of a new military doctrine to restructure conventional forces so they would be less able to launch a massive attack.

It is just not possible for the Western alliance to bog down now and fritter away the expectations. That would be as destructive to Western cohesion as anything the Russians could do. The reason the North Atlantic Treaty Organization is faltering is that it never got around to working out an agreed overall plan on how to proceed in reducing arms levels. As a defensive alliance, it prepared to deter war by meeting threats. But it never foresaw success to the point of really being able to negotiate away those threats.

Now there may be a chance. Mr. Gore has come up with a framework of steps that could galvanize a hopeful Western response. They include not only cutting back missiles but shifting to less vulnerable types to make a first strike pointless; conventional force reductions, which would rule out sudden mass attack; cooling hot spots such as the war in Afghanistan, which heightens fears about Soviet intentions in the Gulf. It is a sensible, clear-headed approach.

Soviet and American leaders are encouraging the world to look for a turnaround in the confrontation. Accidents have happened, and, with the plane in Moscow and the attack on the Stark, the two big powers reached with inhibitions restraint. Now both must move on to bring the existing war plans closer to the hopes of peace.

The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Warships for Peace

NEW YORK — [A Herald editorial says:] Representative Foss of Illinois has made a very convincing presentation of the case for two battleships at the beginning of the debate on the Naval Appropriation Bill. His arguments for the increase were based on the duties imposed by our commercial responsibilities and by the urgencies of the Monroe Doctrine, as these will be crystallized when the Panama Canal is opened to the rivalries and trade frictions of the world. An adequate navy is, Mr. Foss declared, necessary to maintain that traditional doctrine in the Caribbean and to guarantee the neutrality of the transisthmian waterway. Nothing in these demands affects the impulse toward universal peace through arbitration; on the contrary, it makes possible by the possession of strength the enforcement of its mandates.

1937: At Japan's Helm

TOKYO — Prince Konohe, President of the Japanese House of Peers, was received by Emperor Hirohito [on June 1] and left the Imperial Palace an hour later announcing that he would attempt to form a new government. This government, Prince Konohe said, will be national in the widest sense of the word.

GENEVA — Stuart J. Fuller, American member of the League of Nations conciliation committee, has criticized the last drug conditions in Japanese-controlled Manchukuo. He quoted reports from Mukden stating that morphia addicts die almost daily on ash heaps outside the large west city gate and remain unburied for long periods. Mr. Fuller says that opium poppy cultivation in Manchukuo in 1937 was 156,061 acres compared to 133,333 acres in 1936, an increase of 17 percent.

Flukes
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OPINION

An 8-Point Prescription For Dealing With AIDS

By A.M. Rosenthal

NEW YORK — The administration in Washington is opposed to making sure that a representative of the homosexual community is named to a panel to study the AIDS plague and what it might mean for the country. This shows vividly that the people who run the government have not faced reality.

America is in a deadly epidemic, and national disaster will be the price of prejudice, piousness or self-delusion. Only the enlistment of all physical, moral, financial and medical assets, as well as some common sense, can begin to meet the danger. This means involvement of everybody concerned, including homosexuals.

Will a candidate for the presidency who does not tell Americans the details

ON MY MIND

of his plans for dealing with AIDS be acceptable to the voters? I hope not.

But why wait? If the Reagan administration is capable of thinking and acting and leading, it can show it now.

The literature on AIDS, both medical and social, is full of good, workable ideas. But the government seems unwilling to find people who will pull these separate ideas together and to give those people the power to act.

Two approaches are needed simultaneously. One is to persuade people in danger, particularly homosexuals, bisexuals and those who have had sexual intercourse with them, to be tested to determine if they have the virus that causes AIDS. If they do have it, they face the ethical decision on abstaining from sexual intercourse with the unaffected.

At the same time, the government must commit itself not to presidential speeches but to plans, action, burdens and sacrifices. These would include:

1. A central federal AIDS office, with financial resources and clout, to pull together all the national and state efforts, to set priorities and settle the inevitable conflicts for funds and attention. It must have a director and a board composed of scientists and public figures who command the respect and attention of the nation. If the battle is to be fought, it has to be led — something Washington has failed to do against either illegal drugs or AIDS.

2. Facing the burden of the huge costs of research and care. New taxes will be needed, as well as much more money from business. Thousands of companies could follow the example of the *Forbes* magazine, which contributed \$1 million.

3. Tough laws prohibiting discrimination against AIDS sufferers or virus carriers in jobs, housing and education. Protecting the afflicted is in the self-interest of a nation that needs their help to fight the plague.

4. Mandatory testing, only where it makes sense. Trying to force tests on all the afflicted is impossible and self-defeating. But medical examination for contagious diseases is already demanded for immigrants, and President Reagan has said that AIDS testing will be added to the list. Government employees should volunteer for testing to create an atmosphere of society's strong approval.

5. Much more money allocated for drug addiction prevention and treatment. Drug addicts who use infected needles are becoming a steadily increasing danger. In New York, 36 percent of AIDS sufferers are addicts.

6. Drug addicts are usually too far gone to worry about the morality of taking AIDS tests. But many of them wind up in jail, usually for robbery. They should be kept there until their drug habits are broken. If they return to drug use after release, they should be sent back.

7. Prostitution suddenly is a priority public health matter. Prostitutes of both sexes endanger themselves and others too often to be tolerated in a plague. Those who frequent prostitutes are also now dangerous. Both prostitutes and customers should be subject to arrest and the publicity that goes with it.

8. Re-examination of privacy regulations. I know of one doctor who discovered the AIDS virus in a male minor and was legally forbidden by the mother of the patient to inform him. The boy was sleeping with a steady girlfriend. The mother did not care. When does privacy become necessary to murder? Doctors and lawyers should take a new look at their standards, quickly. So should legislators.

Some of these points are unpleasant to read or write, particularly those that may touch on civil liberties. Better now and minimally, rather than later, when, with fear, disregard for liberties may grow even faster than the spread of the disease.

— *Willard Gaylin, president of the Hastings Center, a public-policy institute, in The New York Times.*

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LETTERS TO THE EDITOR

U.S. Ships in the Gulf: Needed Presence or Provocation?

The Washington Post editorial "A Target in the Gulf: Important Business" (May 20) pictures the United States as having embarked "on a quiet but momentous strategy," which will end the Iran-Iraq war by "intervening on Iraq's side."

The strategy may be momentous but it will turn out to be anything but quiet and probably a disaster if not terminated. President Reagan's statement at the memorial service for the victims of the USS *Stark* was correct. "Were a hostile power ever to dominate this strategic region and resources, it would become a choke-point for freedom." U.S. naval forces belong in the area for that purpose. But no power is moving toward dominating the Gulf.

A week earlier, Patrick E. Tyler of *The Washington Post* (IHT, May 6) quoted a Kuwaiti official as declaring as "negligible" the damage caused by the recently intensified Iranian attacks. Such damage has been characteristic of the "tanker war." The flow of oil to the West has not been impaired.

The United States has supported its friends in the region by selling members of the Gulf Cooperation Council enormous quantities of sophisticated "defensive" weapons, far beyond what is needed to cope with an enemy capable of inflicting only negligible damage on shipping.

The council (Saudi Arabia, Kuwait, Oman, Bahrain, Qatar and the United Arab Emirates) was organized in 1981. Its combined annual defense outlay is about \$25 billion, and its members are supposed to regard an attack on one as an attack on all.

Evidently, this is all beside the point. A Kuwaiti official told Mr. Tyler that a key factor in Kuwait turning to the United States is the desire to test the superpower commitment, especially that of the United States, to protect moderate Gulf states in light of Washington's secret supply of arms to Iran.

The United States should curb its guilt over those sales. After all, there was a measure of Saudi involvement which will never be fully known. Furthermore, Saudi Arabia has supplied oil products to Iran to replace Iraqi damages. The United States should not match one misstep by offsetting missteps.

In 1984, a U.S. official stated that "everyone... would prefer that collective security there be carried out by Saudi Arabia and its allied Gulf states rather than by the United States." Since then the nonbelligerent Gulf countries, including Kuwait, have added materially to their defensive capabilities.

If the nonbelligerent Gulf states are unable or unwilling to defend their commerce, we and they should rethink the defense of the area. The question goes not to the Saudi response to Iraq's attack on the *Stark*, but to why, given Saudi capabilities, U.S. intervention, beyond a standby naval presence, is necessary.

JOSEPH LERNER, Jerusalem.

In a "Cease-Fire Plan for Suspending the Iran-Iraq War" (May 20), Brian Urquhart and Gary Sick suggest that the UN Security Council ask the secretary-

All of His Wonderful Work Did Not Save Him in the End

By Richard Cohen

WASHINGTON — Last summer he was being widely reviewed, and books that he had written right after the war, "Survival in Auschwitz," for instance, were republished to acclaim. My first week at the beach, the bookstore had no Primo Levi, but then it got a shipment and for two weeks he was my obsession. He wrote wonderful books about life and especially about work, the sheer glory

MEANWHILE

of it when it is fruitful and rewarding. And then in April, in Turin where he lived most of his life, he threw himself down a stairwell and died. He was 67.

During the war, he had been a guerrilla fighter. Captured, he foolishly, almost spitefully, declared his Jewishness and was sent to Auschwitz, the huge extermination camp with its subsidiary camps. Mr. Levi, a chemist, was assigned to a laboratory. He spent 10 months in that place, more being shuttled around East-

ern Europe after the war, and then returned to Turin. For 30 years he managed a paint factory and wrote when he could.

His recollections are remarkable — literate, wise, insightful, sweet. His contained, spare language lacked self-pity and evoked what the critic Irving Howe called "moral poise." He assumed an unstated platform: He had been there — there, to that place! He knew certain things. Holocaust survivors, especially literary ones, are like Old Testament prophets in reverse: They have not touched the face of God, but of the devil. Their knowledge is unsurpassed.

He did not use that knowledge to reprimand or scold, but to soothe and comfort. Even in his Auschwitz memoirs, his belief in the primacy of work asserted itself. He expunged the mockery from the words inscribed over Auschwitz's gate, *Arbeit Macht Frei* (Work Makes You Free), and proclaimed its literal truth: "Loving your work... represents the best, most concrete approximation of happiness on earth," he wrote.

And we, the growing legion of Levi admirers, believed that. He seemed so happy, and why shouldn't he be? His important work seemed to be going well. Retired from the paint factory, nurtured by his adored Piedmont region of Italy, he wrote books that were extolled.

He had come through his past, learning from it but seemingly not crippled by it. He wrote about work, no longer about Auschwitz. Philip Roth went to Turin to interview him. The interview fairly chirped with Mr. Roth's happy envy. Mr. Levi emphasized work. Surely, the Nobel Prize awaited him.

I heard a story once. A Polish physician, a Jew, fled into the woods when the Germans came. Sometimes he came into a town to treat someone, always fearing he would be caught. Occasionally, he came face-to-face with Germans, but always saved them down. For four years, he subsisted on very little but courage.

After the war, the man came to America. He found work, raised a family, retired and moved to Florida. One day he encountered a meter maid. He froze. He became afraid of the police, of bureaucrats, of even going down to the motor vehicle bureau for his license. Authority terrified him. The past, long gone and conquered, leaped into the present and became the future.

Maybe that is what happened with Mr. Levi. I thought I knew him from his books and interviews. He created a theology of industriousness for the skeptical. There was no hint he had built a church from which he was absenting himself.

Arbeit Macht Frei: The words over the Auschwitz gate were a lie twice over — there and then, or later and somewhere else. Primo Levi threw himself down the stairs in Turin. He had not survived Auschwitz after all.

— *Washington Post Writers Group.*

B.H. Haggin, Music Critic, Dies at 86; Was Noted for His Clean, Clear Prose

By Tim Page
New York Times Service

NEW YORK — B.H. Haggin, 86, an American music critic noted for his strong convictions and clean, clear prose, died Friday after a short illness.

In a career that spanned 40+ decades, Mr. Haggin contributed articles on music and dance to a variety of publications. From 1939 to 1957, he was the music critic for *The Nation*.

His books included "A Book of the Symphony," "Music on Records," "Music for the Man Who Enjoys Hamlet," "Conversations With Toscanini," "The New Listener's Companion and Record Guide," and "Music and Ballet: 1973-1983."

Mr. Haggin's early writing is generally considered to be his best. At a time when music criticism tended to be flowery, his sharp prose came as a bracing surprise.

But many found his opinions narrow. He had no sympathy for 20th-century music; he deplored Bartok, Schoenberg, Ives, most of the works of Berg, and virtually everyone who came after them. He worshiped certain artists, notably Toscanini, at the expense of all others.

He was born in New York and published his first article in 1923. He was the music critic of *The Brooklyn Daily Eagle* from 1934 to 1937. From 1946 to 1949, he wrote a column about music on the radio for *The New York Herald Tribune*.

Frank Carlson, 94, Politician From Kansas

CONCORDIA, Kansas (UPI) — Frank Carlson, 94, a former Republican senator who helped persuade General Eisenhower to run for president and was the only Kansas ever to serve in the state legislature, both houses of Congress and as governor, died Saturday.

Mr. Carlson who retired from the U.S. Senate in 1969, died at St. Joseph Hospital, where he had been living in a minimum care unit since 1985.

In the 27 times he ran for office, whether for the legislature, governor or Congress, Mr. Carlson never lost an election. He served two terms in the state house and from 1932 to 1934 was state chairman of the Republican Party.

He ran for the U.S. House of Representatives in 1934 and was re-elected five times. He was elected governor of Kansas in 1945 and re-elected in 1948.

Baron Leon Lambert, 58, Belgian Financier

BRUSSELS (AP) — Baron Leon Lambert, 58, a driving force behind one of Belgium's top financial institutions, Groupe Bruxelles Lambert, died here Thursday.

He had headed the company for 38 years. He brought it from the brink of bankruptcy after World War II to the forefront of the Belgian business world.

His great grandfather Samuel

founded the Banque Lambert in 1840. His grandfather Leon was an adviser to King Leopold II at the turn of the century.

Frank Licht, 71, Ex-Rhode Island Governor

PROVIDENCE, Rhode Island (UPI) — Frank Licht, 71, a former governor of Rhode Island, died of cancer Saturday.

Mr. Licht was elected governor in 1968, defeating the incumbent, John H. Chafee, now a U.S. senator. He served two terms before deciding in 1972 to return to his law practice.

Other deaths:

Hugh F. Castigan, 72, an American Jesuit priest who spent 40 years in the Western Pacific as a missionary, founding a school on the island of Ponape in the Carolines, died Thursday in New York City.

Leonard General William K. Harrison, 91, who headed the United Nations armistice delegation in the Korean War, Monday in Bryn Mawr, Pennsylvania. He was a direct descendant of President William Henry Harrison.

Lucille Oleson, 67, leader of the ensemble music of the Baroque, Saturday in Chicago of injuries she suffered in a car accident.

Tark Murphy, 71, a trombonist who played traditional jazz, of cancer Saturday in San Francisco. He was also a jazz historian who transcribed into music thousands of songs that had never been written down.

Briton Tried to Kill Opponent Of Apartheid, Botswana Says

By Allister Sparks
Washington Post Service

JOHANNESBURG — A Briton who said he was working for the South African security services is being held by the authorities in Botswana, charged with the attempted murder of a South African anti-apartheid activist, Ronald Watson.

The Briton, who appeared in court in Botswana, said his name was Steven Burnett and described himself as a British intelligence agent.

He told the chief magistrate, Gabriel Rwigengera, that he had been sent to Botswana by the South African authorities to kill Mr. Watson, whom he described as an activist of the underground African National Congress. The group is

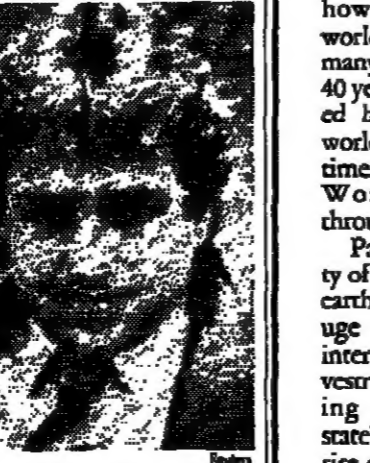
fighting to end South Africa's system of racial separation.

Speaking by telephone this weekend from Gaborone, where he said he was in hiding, Mr. Watson said he managed to overpower and disarm the gunman, who had fired two shots at him. He said he feared another attempt on his life.

The South African police have declined to comment, describing the allegation as "completely a security matter."

A spokesman for the British Embassy in Botswana confirmed that Mr. Burnett was a British citizen and said he visited Botswana frequently from South Africa, where he had lived since 1982.

Mr. Watson and his three brothers have been at the center of a political controversy in South Africa since they quit their whites-only

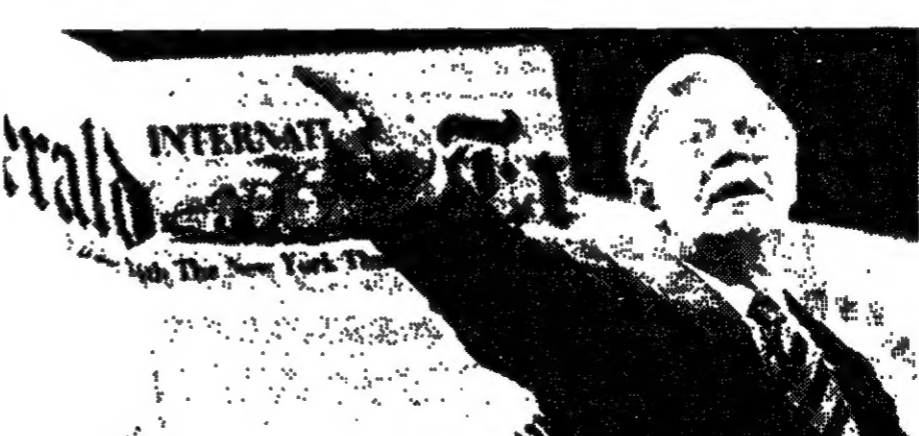


Ronald Watson

rugby club 12 years ago to join a black club in the racially conservative city of Port Elizabeth.

Mr. Watson said he believed that the South African security police had set out first to isolate, then discredit, him and his brothers.

NOTES ON A CENTURY
The IHT's Paris Conference:
New Issues for a New Era



Helmut Schmidt, former Chancellor of West Germany, delivered the closing speech.

What new issues will preoccupy leading politicians and industrialists as we end our century?

This forward-focused question provoked thoughtful and occasionally heated debate among 200 attendees during the three-day IHT Centennial Conference last month.

Participants included prominent business men and women, politicians, academics and journalists, many destined to be key decision-makers in the coming decades.

Overall conclusions were tentative. In a trenchant valedictory speech, Helmut Schmidt, former chancellor of West Germany, concluded that it was hard to discern an emerging pattern of stable international management for the world's security or the global economy. Both in Europe and in the U.S. he identified as the central problem an absence of statesmanlike vision.

His skepticism contrasted with the more optimistic remarks of Norman Macrae, deputy editor of the *Economist*, who outlined how much further the world had progressed than many would have expected 40 years ago — and reminded his audience that the world has produced seven times more goods since World War II than throughout all history.

Participants heard plenty of cogent evidence about earthshaking trends: a deluge of new technologies, international flows of investment and capital, ebbing confidence in the state's omnipotence, the rise of new social patterns.

For nearly a decade, the IHT has hosted a variety of international conferences as a way of bringing together those who have information and those who

seek information, extending its role as a source of fact and insight on important and timely subjects.

IHT conferences often make news, and this one got its share of headlines when Turkey's under-secretary of state for planning, Yusuf Ozal (not to be confused with his brother, Prime Minister Turgut Ozal), revealed that Ankara planned to apply for EEC membership.

Between speeches, the conference broke up into small tutorial groups so that participants could explore complex topics with authoritative analysts — for example, changing job motivations with Wassily Leontief, the Nobel economist. His fears that technological progress will shrink the amount of work was energetically challenged by Henry Ergas, an official of the Organization for Economic Cooperation and Development. History demonstrates, Mr. Ergas contended, that innovations often eliminate jobs initially, but ultimately help raise employment.

The growing percentage of older people in Europe's population, creating new markers among affluent senior citizens but also straining health-care systems, was discussed by Judie Lan-

non, research director at J. Walter Thompson. Europe's educational wastage-rate and its failure to equip more young people with suitable skills was also explored. "Unless this mismatch is corrected, unemployment will rise," concluded Max Geldens, vice-president of McKinsey, the consultants.

The need to change to keep up with changes was a conference drumbeat. French banker Pierre Moussa noted that daily flows of capital across borders have become so big and fast that central banks often can no longer rely on government intervention to control exchange rates. International investing requires standardizing national audit procedures so corporate balance-sheets can be interpreted accurately across borders, noted Campbell Corfe, of KMG Main Hurdman. Hotels are a changing business, too: Jean-Paul Camblain, of Meridien, predicted that his chain's main clients will be central buying agencies with a string of corporate accounts.

In line with a timely reminder from former Senator Charles Mathias, "the brain will only absorb as much as the seat can endure," the conference de-

voted a lot of time to corridor conversations. "10 years from now, the contacts I made here may seem more important than the ideas I heard here," a young executive said.

One of the highlights of the conference was a social occasion. Air France took a Concorde-full of participants for a faster-than-sound dinner over the Azores. This "try-me" tactic reflected what Air France chairman, Jacques Friedmann, called in his address "our aggressive strategy" for coping with deregulation in Europe and stiffer competition in Asia.

Some social occasions were informal but challenging. Adjoining to an impromptu dinner, a dozen participants found themselves debating the ideas of one of their number, Michael Novak, a U.S. political analyst, who led one of the tutorial groups. He maintains that the business community, as it gains public esteem, should be more outspoken in national debates about social issues.

Another social and theological analysis triggered considerable controversy: James Abans, former U.S. ambassador to Saudi Arabia, dissected religious fundamentalism as a powerful political force — especially in

the Middle East and North Africa.

An overall conclusion, articulated by Edward Soretor, U.S. ambassador to the OECD, was that governments and companies must either exploit opportunities created by new technologies — or be buried by them.

But some futuristic projections have proved simplistic, warned Volkswagen's Claus Borgward, who scoffed at the often-heard notion that technology will drive auto-makers to produce a single "world car."

Competition and heavy research costs are, he said, nonetheless forcing car-manufacturers into extensive international cooperation. Henri Martre, chairman of Aerospatiale, agreed: Intra-European alliances are necessary, he said, to compete with powerful U.S. aircraft firms. Niven Duncan, chairman of Sedgwick, the insurance brokers, said that rising demand for insurance is proof that major corporations are venturing farther afield. Jacques Maisonrouge, director-general in the ministry of industry in France and former head of IBM in Europe, concurred in the view that European opinion has our-grown fears of domination by multinationals.

Managing all these simultaneous changes, said Robert Homans, of Goldman, Sachs International, will involve a high price: some sacrifice of national interest by every country. Striving to win must not be carried to the point of destroying the give-and-take system that permits competition.

This is the seventeenth in a series of messages about the IHT which will appear throughout the Centennial year.

The Flight of the Cessna 172

Parents Say Quiet Son Gave No Warning of Soviet Trip

By Serge Schmemmann
New York Times Service

WEDEL, West Germany — Even in retrospect, Mathias Rust's family and acquaintances have no idea what possessed him to fly a rented, single-engine plane into Red Square.

The 19-year-old youth was quiet, well-behaved, neat, somewhat introverted, but generally unexceptional. He lived with his parents in a small and orderly apartment, sharing a bedroom with his brother, 15, with whom he never fought.

Nobody could remember that he had done anything daring or unusual. He liked classical music and books about astronomy. He spent little time with friends and had no quirks or passions, except for one: flying.

From the time his father, an engineer with the AEG electrical firm in this town near Hamburg, first arranged for a spin in a

private plane, Mathias Rust was hooked. He began lessons in the fall of 1985, when he was 17, and got his license a year later. His eyesight was not good enough to allow him to become an airline pilot, but he hoped to become a private instructor.

He had apprenticed for a time as a bank clerk after finishing high school, but he quit and got a job as a data processor at a mail-order trinket company, working only to make enough money to fly the Cessna 172s owned by his flying club, Aero-Club Hamburg.

Both parents seemed quietly proud, and not overly anxious, as they spoke of their son. They had known and approved of his plans for a swing through Scandinavia and had helped with the expenses. The plane rental was about \$75 an hour, including fuel.

The parents first learned that their son had landed in Moscow

on a radio newscast the day after he did it.

"At first we laughed and said someone else is flying from Helsinki," Monika Rust said. "Then I said, 'My God, they're talking about Mathias!'"

Neither she nor her husband, Karl-Heinz, could imagine why their son flew to Moscow.

"I have no idea. No idea. He is not the spontaneous type," Mrs. Rust said. "We often talked about peace and other issues at home, just as in any other family, but he wasn't involved in politics."

Mrs. Rust said she had always given her sons freedom to act as they wish. "We have brought up our sons to be independent. Both are, and we trust them totally."

In the teen-agers' room, Ingo Rust, 15, played on a home computer. He was proud to try out some school English on a visitor. "My brother is a very terrific pilot," he said.



Mathias Rust in Red Square. The photograph was taken from an NBC telecast Sunday.

Bush Backs AIDS Tests But Emphasizes Need To Guarantee Privacy

WASHINGTON — Vice President George Bush endorsed President Ronald Reagan's proposals for expanded AIDS testing Monday, but he emphasized that such blood tests must be kept confidential.

The issue of confidentiality was omitted in a speech Sunday night by Mr. Reagan.

Mr. Bush, delivering the keynote address at the opening of the Third International Conference on AIDS, said the need for expanded testing to stem the spread of the disease conflicted with the constitutional right to privacy.

But he said: "We must absolutely protect those who do not have this disease. Make no mistake about it. AIDS is spreading and killing. It does not discriminate. It is an equal opportunity merchant of death."

The vice president repeated the

call for expanded testing proposals announced by Mr. Reagan, including mandatory testing of federal prisoners and immigrants seeking permanent U.S. residence.

Mr. Reagan urged states to offer "routine testing" for marriage license applicants, patients in sexually transmitted disease clinics and state and local prison inmates.

Mr. Bush said, however, that confidentiality must be protected so that those who tested positive for AIDS infection would not be discriminated against.

"If society feels compelled, in some circumstances, to test its citizens, then it is absolutely imperative that those records are kept appropriately confidential," he said. "It is also imperative that help be available to those who test positive."

The AIDS blood tests indicate that a person has been exposed to the virus that causes acquired immune deficiency syndrome, but does not tell whether a person will actually develop the AIDS.

The virus is spread primarily by sexual contact, particularly among homosexual men, and by contaminated needles used in intravenous drug use.

Mr. Reagan did not mention confidentiality in his speech Sunday at a fund-raising dinner for AIDS research. He and Mr. Bush were joined when they spoke about mandatory testing.

In contrast, a call at Sunday's fund-raising dinner by Elizabeth Taylor for "voluntary, confidential testing" received a standing ovation.

The White House spokesman, Martin Fitzwater, said Monday that although Mr. Reagan did not mention confidentiality, "it's obvious that's one of the issues we want to emphasize."

Meanwhile, a researcher from Pittsburgh reported Monday that of 2,047 homosexual or bisexual men who were given the AIDS blood test in Pittsburgh, only 61 percent indicated a desire to be informed of the results.

Nine percent said they did not want to know the findings, he reported, and 30 percent failed to respond to repeated invitations to find out.

Dr. David Lyter said his study showed that "national efforts solely based on testing to reduce the spread of this infection will only reach a certain group of people" — not everyone who needs to be reached.

In another report at the conference, Dr. Martin Schechter, assistant professor of epidemiology at the University of British Columbia in Vancouver, said a study under his guidance indicated that about 19 percent of those who tested positive for the virus would develop the disease.

Dr. Schechter said frequently cited estimates that 30 percent to 40 percent of people exposed to the virus could come down with AIDS were based on studies of specialized groups such as patients at sexually transmitted disease clinics and in high-risk cities where infection first spread.

He said that for those areas, the estimate would hold true, but that his recent estimate may be more applicable to the wider population "because it comes from a family-based practice."

KARAMI: Killed by Bomb

(Continued from Page 1)

Lebanese people, nor does it help to achieve stability and peace in Lebanon and the Middle East, of which we are in great need."

"Egypt feels deep regret," Mr. Butros Ghali said, "for the murder of Rashid Karami, who was one of the best political leaders in Lebanon and the Arab world."

Mr. Karami's body was taken to Tripoli, 42 miles north of Beirut, where thousands of people marched on the streets. Shops, schools and businesses were shut to protest the assassination.

The death of Mr. Karami will necessitate the formation of a new government. The next prime minister most likely will be a Sunni Moslem acceptable to Syrian, Moslem and Christian leaders.

During the delay by Mr. Gemayel in acting on his resignation, Mr. Karami remained in the cabinet as a caretaker prime minister.

Mr. Karami and the 10-man cabinet's four Moslem ministers had been in sessions chaired by Mr. Gemayel since Jan. 15, 1986, because the president rejected a peace accord put together by Syria and signed by Moslem and Christian militia leaders.

Mr. Karami's assassination was the first murder of a high government official since that of Bashir Gemayel, the president-elect and younger brother of Amin Gemayel. He was killed in an explosion at his headquarters in Christian East Beirut on Sept. 14, 1982.

(UPI, Reuters)

Kenya, Uganda Report Improved Relations

NAIROBI — Kenya and Uganda signaled Monday the easing of a strain in relations that led to a crippling trade between the two.

President Daniel arap Moi of Kenya said in Nairobi that there was no tension at the border and that Uganda's trade routes through the Kenyan port of Mombasa were open.

PILOT: Human Error Seen

(Continued from Page 1)

former ambassador to West Germany and chief of the Novosti Press Agency, predicted that Mr. Rust would be sent home with the thanks of the Soviet people for exposing weaknesses in the country's air defense system.

But in his comments Monday, Mr. Gerasimov, while declining to predict the outcome of the case, noted that Mr. Rust could face up to 10 years in prison if convicted under a statute that prohibits entering Soviet airspace without permission.

A West German Embassy spokesman said that if Mr. Rust were freed by Soviet officials, he may face prosecution in West Germany for violation of air traffic laws.

Mr. Gerasimov said the flight seemed to have been too well planned to be a last-minute lark. He said the plane had been stripped of extra weight and fitted with surplus fuel for the long trip.

And he cited West German press reports that Mr. Rust had consulted with other pilots about the best routes and flying techniques for crossing the Soviet frontier.

Asked if there was any evidence that Mr. Rust had accomplices, Mr. Gerasimov said: "We cannot conclude for sure if he was acting alone or if it was something else. Was it hooliganism, or something more se-



Question: The question is still to be answered.

Lefortovo Prison, a red-brick compound in an East Moscow residential neighborhood, is a customary holding place for prisoners being interrogated by the state security police, or KGB. Recent temporary inmates have included a number of political dissidents and Nicholas Daniloff, an American reporter who was arrested last year on spying charges.

Under Soviet law, Mr. Rust must be held within 10 days of his arrest while points are being investigated. The investigation can continue for two months, or up to nine months in exceptional cases. Mr. Rust is not entitled to a lawyer until the investigation is ended.

West German officials apparently would like to resolve the case at least before President Richard von Weizsäcker begins a visit to Moscow on July 6.

RADAR: Soviet Command Faults

(Continued from Page 1)

tended to support Western suspicions that the lapse was human rather than technological.

Western pilots, flying planes that travel a minimum of 350 knots (400 miles an hour), say it is hard to intercept aircraft traveling one third as fast.

"They're low and they're slow and they're hard to see," said a NATO official. "The interceptor pilots fly too damn fast to see them. We've become so technologically advanced we can't intercept the slow guys."

At 50 feet (15 meters), the Cessna could not have been detected by radar at a distance of more than 10 nautical miles, perhaps less if he was flying over forests where tall trees would tend to blur the radar signal.

Even had they spotted the Cessna, controllers inside the Soviet Union would have no reason to assume the flight was unauthorized, unless they had been alerted to look out for the plane, which would have presented a similar radar image to the Antonov aircraft widely used for crop-dusting and other uses.

"If the radar picks up a light aircraft traveling at 90 knots, it's not likely that controllers are going to start breathing heavily," Mr. Kerr said. "They would assume it's off track."

The small size and low altitude of the Cessna may also have eluded the air defenses around Moscow,

which Mr. Kerr said "are probably designed to detect things a lot bigger, a lot faster and a lot higher."

Western experts said radar defenses are much more intensive along the Western front with the North Atlantic Treaty Organization, and along the northern frontier guarding the approaches to the Kola peninsula, a key naval and submarine base.

Another South Korean airliner with 110 passengers went astray in that area in April 1978, and was forced to land on a frozen lake by Soviet fighters.

In Saarbrücken, West Germany, Horst Gehlen, a spokesman for an airline pilot's association, Cockpit, said Mr. Rust's escape could have "serious consequences" for future flights over the Soviet Union.

Mr. Gehlen said the Soviet Union "will now have a strong motivation for shooting down aircraft which cross their frontier by mistake. A pilot's life is now in danger if he strays only a few kilometers into Soviet territory."

Officials say that, on average, there are about two to five incursions a week by East bloc civilian aircraft into West German airspace.

The innocent incursions are mainly committed by helicopters, crop dusters or sport planes that stray across the border. They usually do not go farther than a couple of miles into alliance airspace, the officials said.

BLOC: Trade Stagnates

(Continued from Page 1)

tremely difficult. So far, there are no visible results."

Western analysts say last year's poor economic showing may to some degree be explained by exceptional factors such as the fluctuation in oil prices and trade disruptions caused by the Chernobyl nuclear accident.

Mr. Gorbachev, they add, may be willing to tolerate poor results in East Europe rather than risk conflict with its aging, entrenched leaders.

However, some Western experts say the economic trends may aggravate tensions already incipient in Mr. Gorbachev's political relations with his allies.

At the root of the East bloc's economic impasse is Mr. Gorbachev's effort to modernize a system of economic exchange dating from Stalinist times.

For four decades, trade among the members of Comecon has been conducted through rigid, annual government-to-government exchange agreements that preclude realistic prices, competition among the products of various countries or checks on quality.

Several East bloc governments, led by Hungary and Poland, have scrapped this centralized administrative approach in their domestic economies. They have demanded that Comecon similarly reorganize its trade, allowing for a free exchange of goods among socialist countries according to the market laws of supply and demand.

Mr. Gorbachev, although reportedly sympathetic to these views, has stopped short of publicly endorsing them. Instead, he has proposed what amounts to an interim revision of the system, a series of measures that would allow Comecon governments to bypass the unwieldy annual exchange agreements without short-circuiting them.

The Soviet-backed measures begin with joint ventures, which would allow East bloc companies to pool capital and technology for major industrial projects. Another Soviet innovation would create "direct links" between Soviet and East European companies, allowing them to trade goods, technology and expertise.

Finally, Mr. Gorbachev has strongly pressed East European governments to participate in a "comprehensive program" for the development of new technology that aims through joint projects to narrow the technological gap between East and West.

One chief impediment to this Soviet program, according to East European officials, is the continued split in the East bloc between reformers of the socialist economic system and conservative leaders who resist any departure from orthodoxy.

On a broader level, East European planners appear to lack confidence that any increase in economic ties with the Soviet Union could be good for their development.

The rush of Hungarians, Czechoslovaks and Poles to buy Western industrial equipment last year showed clearly how little their countries are banking on Mr. Gorbachev's technological development drive to modernize their industries.

Attitudes, however, are not the only problem, officials say. Even in Poland, where Communist leaders strongly back Mr. Gorbachev and economic planners support change, the new Soviet economic initiatives have bogged down, burdened with both procedural and structural problems.

A Polish-Soviet agreement signed in October provided for five joint enterprises as a start and officials predicted that thousands of "direct links" would be established between companies in the two countries.

But negotiations to set up the joint ventures have gotten stuck on such basic questions as how capital and profits will be divided and whether the companies will adopt Poland's system of workers' self-management.

Eight months after the agreement, Polish officials predict that none of the joint ventures will actually be created until early next year.

Ultimately, many government and Western economists argue, Mr. Gorbachev will have to push far more radical changes on East bloc economic relations to reinvigorate Comecon trade.

ARMS: Bonn Coalition Backs Pact

(Continued from Page 1)

conservatives that removal of the short-range missiles would expose West Germany to the Warsaw Pact's superiority in nonnuclear forces.

But the coalition did not demand a link between the short-range and conventional issues.

The coalition also urged negotiations aimed at reducing nuclear weapons with a range of less than 300 miles, but it did not demand such talks as a condition for accepting the Soviet shorter-range offer.

Moscow's proposed short-range deal would be part of a broader accord providing for removal from Europe of all medium-range missiles, or those with ranges of between 600 and 3,500 miles.

The United States and the Soviet Union already have agreed on the broad outlines of the intermediate-range agreement. The United States pledged to consult its North Atlantic Treaty Organization allies before formally replying at the Geneva arms talks.

West Germany's delay in reaching a decision had led the leftist opposition and conservative newspaper commentators to criticize Mr. Kohl for vacillating on the issue and allowing West Germany to appear to be blocking an arms control accord.

"The experience, which has

shown how limited West German influence is within the circle of nations, is likely to serve as a warning to the government to exercise caution in foreign policy," the conservative Frankfurter Allgemeine Zeitung said.

Boost for Summit

A U.S. official said West Germany's decision could clear the way for a summit meeting between Mr. Reagan and Mikhail S. Gorbachev. The Associated Press reported Monday from Washington.

"I think this is good news," the U.S. official said. "I am getting out my summit dancing shoes for October."

The official added that he believed that the Soviet Union would be willing to negotiate the Pershing-1A issue.

"The conventional wisdom is that when the time is right, they'll give it up," he said.

The State Department spokesman, Charles E. Redman, said that while the United States had taken note of the reports from West Germany, it would address the matter in the consultative NATO framework.

"This was what was expected after developments over the last several weeks," another U.S. official said. "But it still has to be a NATO decision."



Captain Glenn R. Brindell, left, commander of the U.S. frigate Stark, at a press conference in Bahrain. With him is Michael O'Keefe, a chief petty officer on the vessel.

GULF: Reagan May Ask Allied Aid

(Continued from Page 1)

coming Exocet missiles if the ship had been properly positioned.

But they said that a number of actions taken by the officers manning the weapons and sensors on the Stark had reduced warning time and contributed to the failure to thwart the attack.

The approaching plane was picked up by the Stark's radar at a distance of about 200 miles (325 kilometers).

According to the officials, a little more than a minute before the first missile hit, a sensitive radar warning receiver on the ship, known as the SLQ-32, detected, for the first time, that the Mirage had switched its own search radar to a more focused, powerful beam used to pinpoint targets, a clear signal of possible attack.

But the officials said that the captain was not informed of the signal change. The officials would not say whether he had been on the bridge, in the combat control room, or elsewhere.

Had the officers acted swiftly, the officials said, the Stark could still have turned a few degrees to one side in time to unmask its defensive systems.

The officers manning the command center moved in the final minute to prepare the ship's defenses. But they could not act in time, the officials said.

The officials said that the first step taken to defend the Stark was

an attempt to better locate the approaching Mirage, using a powerful, narrowly focused radar antenna known as the separate target illumination radar, or STR, which is behind the main superstructure. This radar might also have detected the launching of the Exocet missiles.

Had the STR been focused on the Iraqi warplane, its pilot probably would have realized he was about to be shot at and veered away, the officials suggested.

Both before and since the attack, Iraqi pilots have veered aside when they were illuminated by the STR's distinctive signal.

But when the Stark's tactical action officer gave the order to point the STR at the Mirage, he was told by the radar operator that the aircraft was in the region where the STR's view was blocked by the ship's superstructure.

The officers attempted two other operations at the same time, according to this chronology. One of them left the command center to remove a safety lock so that metallic particles, called chaff, could be fired into the air in an effort to decoy the Exocet missiles toward a false target.

They also switched the ship's Phalanx anti-missile gun system, its main defense against an Exocet missile, into a mode in which it could track any incoming missile. In that mode, however, the system would not fire automatically.

Even if it had been switched to fully automatic at this point, officials said, the Phalanx would have been useless because of the angle of the ship to the target.

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ARTS / LEISURE

Vienna's Imperial Past

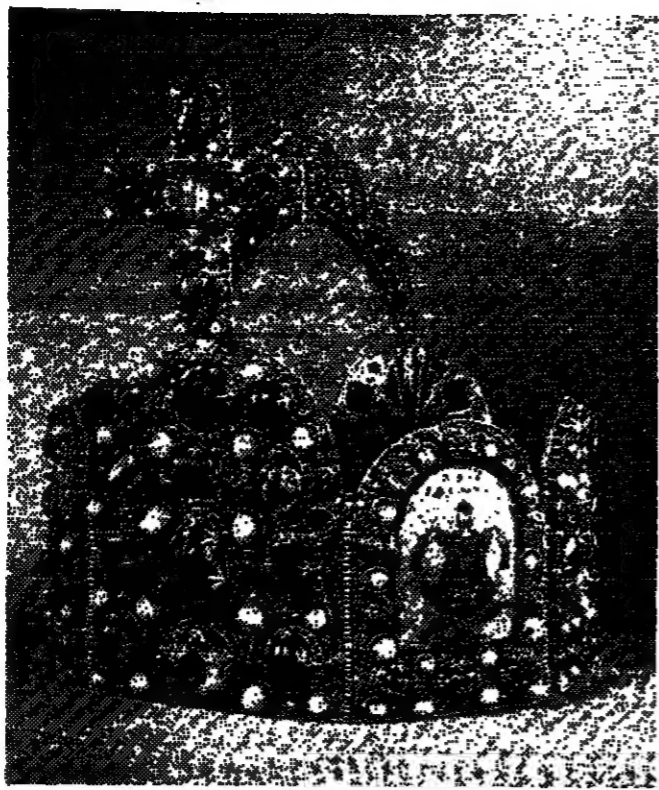
By David Heriges

VIENNA—No visitor to Vienna should miss seeing the newly reopened Imperial Treasury. The Schatzkammer, located in the Swiss Court of the Hofburg Palace, is in fact an amalgamation of two treasuries, one secular, one ecclesiastical. These apparently contrasting aspects of Austria's past are so closely interwoven, however, that it is only logical to link them in a single display.

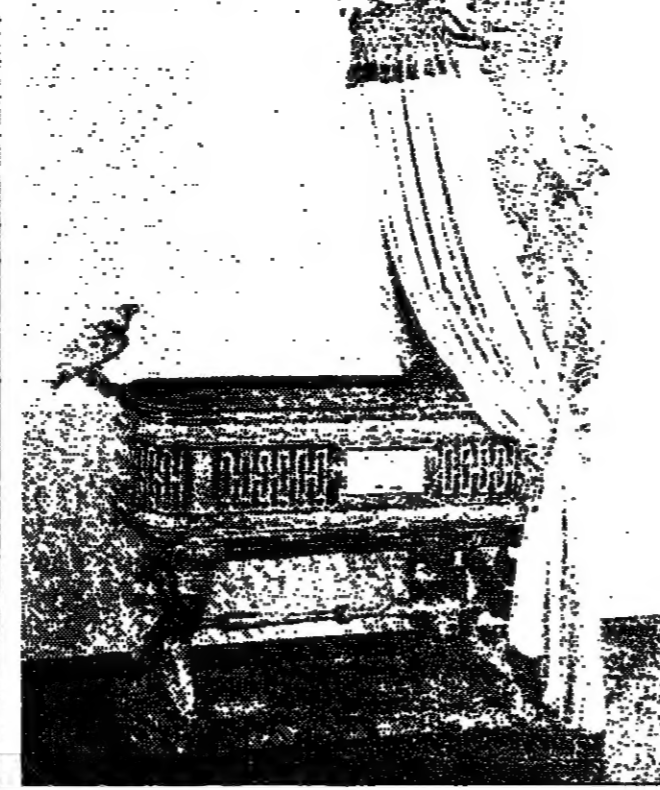
Hermann Fillitz, director of the Kunsthistorisches Museum (under whose aegis the work was carried out), can look back on more than 30 years of work on the project. After the provisional postwar installation of the collection (in 1954), he wrote the first catalogue and started thinking about finding a permanent home for this unique attraction.

In 1983 the temporary premises—crowded, badly lit and insecure—were finally closed. A grand restoration scheme was launched with an assurance that the collection would be accessible again within two years. Financial difficulties and bureaucratic hurdles doubled the delay, but Fillitz got his way and the result is a gem.

Geographically, little has changed. The Treasury is still situated in the historical core of what was always the official seat of the Austrian rulers (although they of-



The Imperial crown (above left), and the ornate cradle of Napoleon's son, the King of Rome.



items, a polished agate dish (measuring 75 centimeters across), dates back to the 4th century.

The great attractions, of course, are the crown jewels, prime among them the Imperial Crown made for the Emperor Otto II between 978 and 980. An anachronistic portrait of Charlemagne (attributed to Dürer) shows the crown in use even earlier. There is likewise the first Holy Roman Emperor's saber, dating possibly from the ninth century, as well as a bursa (or pouch), studded with precious stones, which is said to have contained earth saturated with the blood of St. Stephen.

More than 1,000 years of Western civilization are recalled through the incomparable objects (400 in all). On show for the first time is the world's largest cut emerald (a massive 2,680-carat block) trimmed into an ornament jar. There is a gold-set 492-carat aquamarine of impeccable purity, and a fiery red jacinth.

More than a thousand years of Western civilization are recalled through the incomparable objects... the great attractions, of course, are the crown jewels.

At least one of its most valuable

display cases. They include an intarsia cabinet fitted with tiny drawers containing keys to the tombs of Habsburg monarchs resting in the Capucine Vault, barely a stone's throw away from the Hofburg.

One of the most striking impressions taken away from a visit to the Imperial Treasury is the close, almost intimate, contact possible with nearly every object on display.

The architect, Karl Mang, has consciously avoided any temptation to stage a modern show and by careful, admittedly rather low, lighting (essential for conservation reasons) has let the exhibits speak for themselves. There has been a

minor mishap—already being righted—in that the original labeling of the items is far too difficult to read. On the other hand, handy pocket guides (in four languages) are on sale for a few schillings, and for the really keen, tapes with headsets are available in English, French, Italian and German. Provision has been made for physically handicapped visitors—a rarity in Vienna.

The Imperial Treasury is open daily, except Tuesdays, from 10 A.M. to 6 P.M.

David Heriges is a Vienna-based journalist.

DOONESBURY



Forbes's Highland Fling

International Herald Tribune

FAR HILLS, New Jersey — With limousines lined up for miles on country roads and helicopters hovering overhead, it was Henry Kissinger's kind of party—so laced with power and money it was almost palpable. So Kissinger, who had that very morning delivered a lecture in West Germany

HEBE DORSEY

and was complaining that he couldn't find the words in his own language, and his wife, Nancy, posed with Donald Trump, Rupert Murdoch and Barbara Walters, before joining Elizabeth Taylor and Malcolm S. Forbes on the receiving line.

The invitation to what is already dubbed party of the year promised that Thursday night was to be "a night not to be forgotten," and chairman Forbes, helped by some 18 other Forbeses, including his four sons, made sure it would be just that. The occasion was the celebration of his magazine's 70th birthday, and Forbes had invited 1,100 people to a black-tie Scottish extravaganza that belied his jokes about being "tight as a Scotch."

Forbes is one of New York's biggest spenders and enjoys his money tremendously. After dinner the genial, kilted host presented Elizabeth Taylor with a \$1 million check for AIDS research, the actress's favorite project, praising her for her "courage" and "intestinal fortitude."

The guest list included the chief executive officers of many of the biggest companies in the world—American Express, IBM, Exxon, General Motors, ITT, Citibank, Ford—and represented, according to a press release, more than \$600 billion worth of corporate clout. As Alice Mason, a real-estate woman considered as one of New York's



Enjoying party and jokes: Forbes and Elizabeth Taylor

strongest power brokers, put it: "We haven't seen anything like this in 25 years."

It took two months to transform Timberfield, Forbes's 40-acre estate, into a kind of bogus Balmoral, with the set designer John Conklin re-creating a Scottish castle courtyard. More than \$1,000 square feet of tenting, had walkways and flooring carpeted in green. The cocktail tent, as large as a football field, looked like a hunting pavilion, its pillars circled with highland greenery and topped by reindeer heads and heraldic banners. Later, 140 bagpipers and drummers descended from the hills in simulated mist and moonlight—which prompted Mrs. Rupert Murdoch to say: "I was born in Scotland, you know, and to me, bagpipes are something very special."

But the photographers were so busy snapping a beaming Elizabeth Taylor, wearing the Duchess of Windsor's diamond brooch in the shape of Prince of Wales feathers on her white dress, that for a while, it looked like a rerun of the Cannes film festival.

During a two-hour cocktail party the main topic of conversation was "How did you get here, by car or helicopter?" The model Jerry Hall, who announced that her French chateau was nearly completed, came without Mick Jagger, explaining: "He doesn't like to be perceived as too social these days." Everybody made a fuss around Mrs. Douglas MacArthur and Brooke Astor, the latter in red ruffles and having a ball on the dance floor to the music of that other perennial of good and happy times, Lester Lanin. Paige Rense, editor of Architectural Digest, flew in from Los Angeles.

The designer Carolina Herrera, stunning in one of her own white silk gown dresses and emerald earrings, did not look like she had just had an exhausting day showing her

first fur collection. Her husband, Reynaldo, who is a close friend of the British royal family, was giving his own version of the rumored rift between Prince Charles and Princess Diana.

With 40 detectives, including three hovering around Elizabeth Taylor all through dinner, 20 chefs and 270 waiters, plus nonstop valet parking, everything was impeccably organized. The five-course dinner was served out of silver plates on blue cloths overlaid with the Forbes clan tartan taffeta runners. Magnificent flower centerpieces had required more than 3,000 roses, 1,500 peonies, and 600 branches of lilac and delphinium.

The women guests received Tiffany silver bowls and the men got a set of "The Sayings of Chairman Malcolm." It all ended with speeches—including one by the White House chief of staff Howard Baker—and a 20-minute laser and fireworks display.

Partying is not over for the Forbes clan, who now adjourn to their chateau of Balleroy in Brittany for their yearly weekend of international ballooning starting June 12.

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Germany* D.M.	580	320	175	D.M. 1.11	D.M. 404
Gr. Britain £	130	72	40	£ 0.19	£ 69
Greece Dr.	22,000	12,000	6,600	Dr. 49.56	Dr. 18,948
Ireland £.Ir.	150	82	45	£.Ir. 0.29	£.Ir. 106
Italy Lire	380,000	210,000	115,000	Lire 756	Lire 275,200
Luxembourg L.Fr.	11,500	6,300	3,400	L.Fr. 18.41	L.Fr. 6,700
Netherlands Fl.	650	360	198	Fl. 1.21	Fl. 440
Norway* N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33	Ptas. 20,140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05	S.Kr. 1,110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10	S.Fr. 408
Rest of Europe, North Africa, former French Africa, Middle East S	430	230	125	Varies by country	
Rest of Africa, Gulf States, Asia S	580	320	175		

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NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	111 1/2	111 1/4	111 1/2	+1/4	
AT&T	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	

Market Sales	
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000
NYSE 4 a.m. volume	149,246,000

NYSE Index			
High	Low	Close	Chg.
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10
2,382.38	2,382.38	2,382.38	+1.10

Dow Jones Averages	
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38

AMEX Diary	
Advanced	285
Declined	337
Unchanged	107
Total Issues	729
New High	1
New Low	7

NASDAQ Index	
Close	2,382.38
Chg.	+1.10
High	2,382.38
Low	2,382.38
Open	2,382.38
Close	2,382.38
Chg.	+1.10
High	2,382.38
Low	2,382.38
Open	2,382.38

AMEX Most Actives	
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	111 1/2	111 1/4	111 1/2	+1/4	
AT&T	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
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Amgen	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	

Dow Jones Bond Averages	
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
NYSE	2,382.38
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AMEX Diary	
Advanced	285
Declined	337
Unchanged	107
Total Issues	729
New High	1
New Low	7

NASDAQ Index	
Close	2,382.38
Chg.	+1.10
High	2,382.38
Low	2,382.38
Open	2,382.38
Close	2,382.38
Chg.	+1.10
High	2,382.38
Low	2,382.38
Open	2,382.38

AMEX Most Actives	
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High
Vol.	High

AMEX Stock Index	
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Dow Off in Moderate Trading

NEW YORK — Prices closed mixed Monday in moderate trading of New York Stock Exchange issues. Program selling and profit-taking erased gains of more than 17 points on the Dow Jones industrial average.

The Dow, which rose 48.27 last week, sank 3.34 points to close at 2,382.38. But advancing issues edged out declines, 8-7. Volume was about 149.3 million shares, down from 153.5 million Friday.

Broad market indexes retreated. The New York Stock Exchange composite index closed unchanged at 163.48 and Standard & Poor's 500-stock index lost 0.27 to 289.83. The price of an average share was unchanged.

The market started off strong but retreated when short-lived futures-related sell programs kicked in. A midday recovery that saw the Dow reach 2,399.02 was cut short by a second bout of program selling late in the session.

"The catalyst this morning was the strength of the U.S. dollar," said Trude Latimer of Josephthal & Co. "As far as the rest of the market is concerned, there is a great deal of caution."

Rodd Anderson, vice president in the equity trading department at Shearson Lehman Brothers Inc., said stock prices continued to be influenced by activity in other financial markets.

"People are keying on bond prices" and the Commodity Research Bureau Index, he said, "and either the Japanese yen or the Swiss franc. There's not a bad tone to the market, but I don't know if today's the day we'll see the rally."

Investors remained ready to take profits in the blue-chip issues that make up the Dow. Middle South Utilities was the most active

NYSE-listed issue, up 1/4 to 111 1/2. It was followed by Harcourt Brace Jovanovich, off 1 to 54 1/4.

The British publisher Robert Maxwell, who last week dropped a \$44-a-share takeover bid for Harcourt, said Monday that he had filed suit against the publishing company, its directors and certain financial advisers in federal court in Manhattan.

The suit seeks to void portions of a recapitalization plan announced by Harcourt last week. Ohio Edison, trading ex-dividend, was third on the active list, off 1/4 to 21.

Spectra-Physics was up a bit. It said its directors had rejected an unsolicited \$32-a-share offer from Ciba-Geigy. The company said it would pursue alternatives including discussions with third parties.

Allegis, parent of United Airlines, the Hertz car rental company and major hotel chains, fell 1 1/2 to 85 1/4. An investor group that disclosed last week that it owned a 13 percent stake in Allegis said it would press ahead with a plan to replace the company's board and sell one or more subsidiaries.

Actively traded blue chips were mixed. AT&T was unchanged at 107 1/2. General Electric was off 1/4 to 51 1/4. General Motors was unchanged at 85 1/4 and Merck fell 1/4 to 156 1/4. USX gained 1/4 to 30 1/4.

High-technology and semiconductor issues were mixed. IBM dropped 1/4 to 159 1/4. Unisys lost 3/4 to 117 1/4. Tandem Computers lost 1/4 to 64 1/4. Emerson Electric lost 1/4 to 101 1/4. Motorola fell 1/4 to 156 1/4.

Wicks led the Amex actives, rising 1/4 to 3 1/4. It was followed by Wang Laboratories class B, adding 1/4 to 17 1/4, and Lorimar Telepictures, up 1/4 to 16 1/4.

NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	111 1/2	111 1/4	111 1/2	+1/4	
AT&T	107 1/2	107 1/4	107 1/2	+1/4	
Amgen	107 1/2	107 1/4	107 1/2	+1/4	
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(Continued on next left-hand page)

TUESDAY, JUNE 2, 1987

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INTERNATIONAL STOCK MARKETS

Amid Lull in Dutch Equity,
EOE Casts for New Options

By RONALD VAN DE KROEL

Special to the Herald Tribune

AMSTERDAM — After years of uninterrupted rapid growth, Amsterdam's European Options Exchange is having to settle for a more modest rate of expansion in 1987 as it adjusts to a lull in the Dutch equity market and its own new status as a financial institution.

Analysts and EOE officials believe that the number of option contracts traded in Amsterdam this year will rise by no more than 10 percent — well below the 40 percent surge in 1986, when 9.8 million contracts changed hands, and the 38 percent rise in 1985.

"Turnover growth this year will be considerably more moderate, probably closer to 5 to 10 percent," the president of the EOE, Jeroen Westendorp, said in an interview.

"The period of tumultuous growth has come to an end and we are now in a phase of consolidation," the exchange could not have sustained a 40 percent growth rate indefinitely, he noted.

Analysts agreed, saying that the slower rate of growth did not threaten the niche that the exchange has carved out for itself in the Dutch financial community over the past nine years.

"The name of the game is product innovation," an analyst at a major Dutch bank said, "and that has always been one of the EOE's stronger points."

With its future looking secure, the exchange recently moved into a new 17 million guilders (\$8.28 million) building from its original premises adjacent to the Amsterdam Stock Exchange.

It is now counting on an array of new products and two new subsidiary exchanges — a financial futures market to be launched this month in Amsterdam and an energy options exchange that will begin operating in Rotterdam in late summer — to maintain momentum and to meet increasing international competition.

Last month, it introduced a new platinum option alongside its existing silver and gold options and a new option on the Dutch stock exchange index, the EOE Dutch Stock Index.

THE EOE, established in 1978, boomed from 1982 to 1986 as the Dutch equity market rose to new heights. The exchange is now the fifth largest in the world and the biggest outside the United States. It offers options on currencies, bonds and precious metals as well as on shares.

But with nearly 85 percent of its volume flowing from Dutch share options, the exchange's room for growth in 1987 is limited by the Dutch stock market's lackluster performance so far this year. Jos Dreesen, general manager of Amsterdam Options Traders NV, the largest market maker on the EOE, said, "Growth this year will have to come either from the precious metal options or from new products like the stock market index option."

The EOE has voiced satisfaction with the performance of the index option, which it introduced May 18 after years of delay. In its first two weeks of trading, the average daily volume of the index options was about 1,000, against overall EOE volume of about 40,000.

Mr. Westendorp said that the exchange deliberately aimed for a quiet start to index option trading by setting a low position limit for participants and by launching one-, two- and three-month contracts only. "I expect that by July we'll be ready to introduce the 6-, 9- and 12-month series so that longer-term hedging will be possible," he said.

The EOE, which has not realized its initial goal of becoming a truly international exchange, hopes that the Dutch index option will help attract more foreign and institutional investors. Analysts estimate that Dutch private investors currently account for 75 percent of annual volume.

For the same reasons, the exchange has high hopes for the launch later this year of options on the U.S. Major Market Index, a basket of blue-chip stocks traded on the American Stock

See OPTIONS, Page 17

Currency Rates

Cross Rates	U.S.	U.K.	West. Germany	France	Italy	Japan	Switzerland	Spain	Portugal	Greece	Greece	Yen
Amsterdam	2.375	1.365	1.920	1.920	1.920	1.920	1.920	1.920	1.920	1.920	1.920	163.7
Bombay	2.375	1.365	1.920	1.920	1.920	1.920	1.920	1.920	1.920	1.920	1.920	163.7
Buenos Aires	1.257	0.729	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	163.7
London	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	163.7
Madrid	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7
Mexico	1.250	0.729	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	163.7
New York	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	163.7
Paris	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7
Porto	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7
Stockholm	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7
Tokyo	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7
Zurich	1.666	0.963	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	1.333	163.7

Close in London and Zurich, 10:00 a.m. in other European centers. New York rates at 4 P.M.

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Building
Outlays
Up in U.S.Factories, Stores
Power 0.4% Rise

Compiled by Our Staff From Dispatches

WASHINGTON — U.S. construction spending edged up 0.4 percent in April as outlays on shopping centers and factories offset weakness in government and residential projects, the Commerce Department reported Monday.

The 0.4 percent April increase followed a revised 1.1 percent decline in March and a 1.5 percent rise in February. The department originally said spending fell 1.3 percent in March.

The department estimated that spending rose by \$1.7 billion in April, for a seasonally adjusted annual rate of \$384.1 billion.

The gain left construction activity only \$10.27 billion, or 2.7 percent, above the level of a year ago.

The result was consistent with forecasts that the construction sector would be a drag on overall U.S. economic growth this year because of excess vacancies in apartments and office buildings and the impact of a new tax law. Changes in the law made multifamily construction less attractive to investors.

Spending on single-family homes rose to \$113.1 billion in April from \$111.5 billion, while spending on multifamily dwellings slipped to \$28.3 billion from \$28.6 billion, the government said.

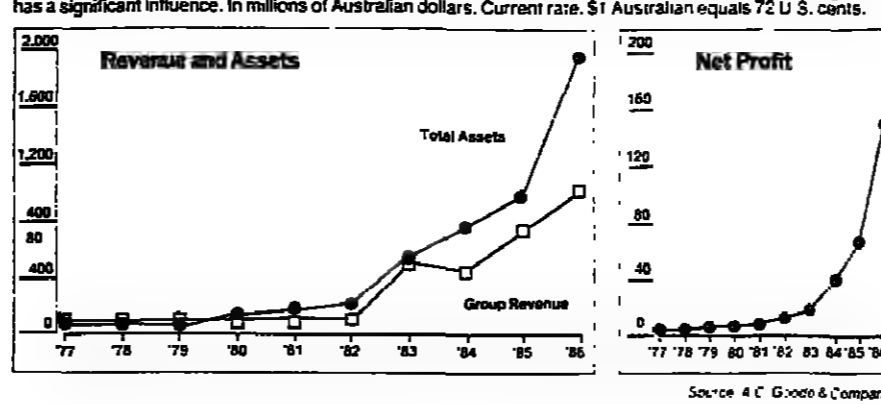
Nonresidential construction rose 1 percent to an annual rate of \$88 billion in April. The strength came from a 7.6 percent jump in building of shopping centers and similar projects and a 0.9 percent rise in construction of industrial factories.

However, these gains were offset by a 4.2 percent drop in spending on construction of office buildings, now 20 percent below the level of a year ago, and a 2.6 percent drop in construction of hotels and motels.

(AP, Reuters)

Holmes à Court's Bell Group Chalks Up Rapid Growth

Results include associated companies, Bell Resources Ltd. and J.N. Taylor Holdings Ltd., in which the group has a significant influence. In millions of Australian dollars. Current rate: \$1 Australian equals 72 U.S. cents.



Toshiba's Group Net Plunges 42%

TOKYO — Toshiba Corp. reported Monday that a stronger yen and trade friction with Washington over semiconductor exports slashed its consolidated group net profit by 42.5 percent in the year to March 31, the second consecutive annual decline.

Net profit was 34.18 billion yen (\$238 million), compared with 59.44 billion a year earlier. Sales fell 1.9 percent to 3,308 billion yen from 3,373 billion, the first year-to-year sales decline in 21 years.

Overseas sales amounted to 1,021 billion yen, down 3 percent from a year earlier, said Osamu Iemura, a senior vice president.

But Mr. Iemura predicted that a recovery in the microchip industry would boost group net profit by 11 percent to about 38 billion yen in the year ending March 31, 1988, provided that the exchange rate remains roughly at 140 yen to the dollar.

He projected that sales would rise 5.6 percent, to 3.5 billion yen. Mr. Iemura said he hoped that the alleged illegal export of high-technology equipment to the Soviet Union by a subsidiary, Toshiba Machine Co., would not hurt the parent company's exports to the United States.

Toshiba has a 50 percent stake in the unit. "Toshiba Machine is a completely independent company with independent management,"

Mr. Iemura said. "We want to have that fact understood overseas."

Mr. Iemura said he had no information to confirm news reports that the U.S. Defense Department had broken off talks with Toshiba on procurement of laptop computers because of the illegal export by Toshiba Machine.

"We have no contract," Mr. Iemura said. "The U.S. Defense Department has been negotiating for procurement with several companies, including Toshiba."

The Japanese government has banned further shipments of goods to Soviet-bloc states by Toshiba Machine for one year.

Mr. Iemura said that overall re-

sults for the year ended March 31 reflected trade tension over semiconductor exports to the United States, the year's sharp rise against the dollar and a decline in exports to China. The foreign exchange loss alone totaled 145 billion yen, including parent company losses of 120 billion.

Weaker prices for semiconductors and office automation equipment cut sales in those sectors to 245 billion yen.

Group sales of telecommunications and electronic devices, accounting for 36 percent of the total, rose 5 percent to 1.18 billion yen, powered by healthy sales of word processors, workstations, medical equipment and personal computers.

Semiconductor sales rose to 410 billion yen from 360 billion a year earlier, but fell short of an anticipated 430 billion. Sales are projected at 460 billion in 1987-88.

Office automation equipment sales rose to 650 billion yen from 600 billion a year earlier. Mr. Iemura projected 1987-88 sales at 695 billion yen, mainly because of expectations of strong sales of computers in Europe and hopes that the United States would remove a 100 percent import duty on computers.

Sales of heavy electric goods, accounting for 26 percent of sales, rose 0.2 percent from a year earlier to 868.14 billion yen.

Valor Will Buy Yale, NuTone From First City

LONDON — Valor PLC, the energy exploration and gas appliance company, said Monday that it had conditionally agreed to acquire Yale Security Inc. and NuTone Inc. of the United States from First City Diversified Inc. for about \$460 million in cash.

Yale manufactures electronic security systems, locks and other security devices that are sold in more than 125 countries.

NuTone is a leading American manufacturer of built-in household appliances and is prominent in the building contractor and professional installer markets. The two companies are controlled by the Belzberg family of Canada.

Valor said it would fund the acquisitions through an open offer to shareholders underwritten by Hoare Govett Ltd. and Barclays de Zoete Wedd Ltd.

Michael Montague, chairman of Valor, said that the company would use Yale's and NuTone's marketing strength in the United States to sell Valor products, but that Valor did not plan to introduce the American companies' products in Britain in the immediate future.

Hospital Corp. to Sell Units To Employee-Held Company

By Calvin Sims
New York Times Service

NEW YORK — Hospital Corp. of America, the largest U.S. hospital chain, has agreed to sell 104 of its acute-care hospitals to its senior managers and employees for \$1.8 billion in cash plus preferred stock and warrants.

The company, based in Nashville, Tennessee, said Sunday that it would have a substantial minority stake in a new company that will be formed to manage the hospitals, which would be purchased through an employee stock ownership plan.

The transaction, which follows a plan announced in April, leaves Hospital Corp. with 75 acute-care general hospitals and 50 psychiatric hospitals as well as management service contracts for about 255 hospitals owned by other companies.

The employee stock ownership plan would initially own 99.5 percent of the common stock of the new company. In addition to the \$1.8 billion, Hospital Corp. will receive preferred stock and warrants to buy up to 34 percent of the new company's common stock, fully diluted.

Institutional lenders will have an option for 5 percent, and an incentive plan earmarks 10 percent for the new company's management. If these steps are taken, the employee stock ownership plan's holding

would drop to 51 percent of the common stock.

Victor Campbell, a spokesman for Hospital Corp., said its board approved the sale Saturday night after it received financing commitments. The transaction does not require shareholder approval.

Mr. Campbell said the company would use proceeds from the sale to pay debt and to repurchase stock, but he provided no details. Hospital Corp. has \$3.2 billion in debt and 82 million common shares outstanding.

He said that the spin-off would make the company more efficient by removing two layers of operating management. Analysts said the move would strengthen the company's operations and increase its potential for growth.

Analysts also said the move might be aimed in part at thwarting any takeover. Three Texas executives proposed to buy Hospital Corp. for \$3.85 billion last month but abandoned the effort when the company resisted the offer.

Hospital Corp.'s share price rose \$1.25 to close at \$48 Monday on the New York Stock Exchange.

R. Clayton McWhorter, now Hospital Corp.'s president and chief operating officer, will become chairman and chief executive. Financing is being provided by Drexel Burnham Lambert Group and Wells Fargo Bank.

PAREUROPE GROWTH SICAV

AVIS AUX ACTIONNAIRES

Les participants de Pareurope Growth réunis en assemblée générale extraordinaire le 17 avril 1987 ont procédé à la transformation du fonds commun de placement par constitution d'une société d'investissement à capital variable ("SICAV") et par apport de tous les actifs et de toutes les obligations du fonds commun de placement Pareurope Growth à la société d'investissement à capital variable qui a pris la dénomination "Pareurope Growth Sicav".

Les parts du fonds commun de placement, coupon n° 1 SS ATT, pourront être échangées, sans coordonner de numéros, à partir du 8/6/87, à raison d'une action pour une part de copropriété détenue dans le fonds commun de placement, sans guichets de la banque dépositaire (Banque Paribas - Luxembourg).

Dès le 9 juillet 1987, seuls les nouveaux certificats, coupon n° 1 SS ATT, seront de bonne livraison en bourse de Luxembourg. Cependant ils continueront à être échangés auprès de la banque dépositaire.

Banque dépositaire :
BANQUE PARIBAS (LUXEMBOURG) S.A.
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Luxembourg.
Tél. : 44 71 91 1.
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Boeing in \$275 Million Pact To Acquire ARGOSystems

SEATTLE — Boeing Co. has reached a \$275 million agreement to buy ARGOSystems Inc. of Sunnyvale, California, a producer of military electronic systems, the companies announced Monday.

Boeing intends to acquire for cash all outstanding shares of ARGOSystems at \$27 a share, the companies said in a statement. The total price, about \$275 million, includes outstanding stock options.

ARGOSystems stock, trading over the counter, rose sharply on the news to \$36.50 late Monday, up \$11.75 from Friday. Boeing closed unchanged on the New York Stock Exchange at \$45.25.

The boards of both companies have approved the agreement.

Boeing has been granted an option to buy 1.24 million ARGOSystems shares representing 18.5 percent of common stock outstanding. In addition, ARGOSystems' chairman and chief executive officer, Bill May, and three other principal officers granted Boeing an option

on their shares, representing about 8.9 percent of the stock.

Frank Strom, Boeing's president and chief executive officer, said the acquisition would "significantly enhance our ability to compete in the defense electronics arena." ARGOSystems will be a subsidiary of Boeing.

ARGOSystems, which employs about 1,200 people, makes equipment to acquire, process and analyze military communications signals and to intercept, analyze and jam radar signals. It also studies and does system engineering in signal processing.

In related fields, Boeing Electronics Co. produces military and commercial electronic gear, Boeing Aerospace Co. makes Airborne Warning and Control System aircraft and Navy E-6A communications planes, and Boeing Military Airplane Co. developed the offensive avionics system for the U.S. Air Force's B1-B bomber.

A Boeing subsidiary, TBC Holdings Corp., will begin a tender offer for the ARGOSystems stock after buying the shares under the tender offer. ARGOSystems and TBC Holdings will be merged, subject to shareholder approval.

ARGOSystems, which says about 30 percent of its business comes from international customers, reported revenue of \$70.9 million for the nine months to March 31. Company officials expect revenue of more than \$100 million for the fiscal year ending June 30. The company has a backlog of more than \$180 million.

Metro Air to Buy Saab Planes

STOCKHOLM — The U.S. regional carrier Metro Airlines has agreed with Saab-Scania AB to buy 16 34-seater Saab SF-340 aircraft valued at a total of 650 million kronor (\$102.4 million), Saab said. It announced that Metro was taking an option on a further 15 planes.

Computer Firm To Acquire Uccel For \$780 Million

NEW YORK — Computer Associates International Inc. intends to buy a fellow mainframe computer software maker, Uccel Corp., for about \$780 million in stock, the companies said Monday, in a merger of two of the biggest companies in the field.

Uccel is 58 percent-owned by Cereol Holding AG, a privately owned investment company based in Zurich. Cereol said it backed the merger. The transaction requires the approval of Uccel shareholders.

Computer Associates was the second largest independent U.S. software company last year behind Lotus Development Corp. on the basis of its 1986 revenue, and Uccel ranked eighth, according to Dataquest Inc., a market research firm.

Uccel shareholders are to receive 1.69 shares of Computer Associates common stock for each of the about 17 million Uccel shares outstanding, or about \$45.85 a Uccel share.

Uccel stock jumped to \$43.625 a share Monday on the New York Stock Exchange, up \$11.625. Computer Associates stock fell 87 1/2 cents to \$27.125 a share.

The horizons have broadened for the largest umbrella fund...



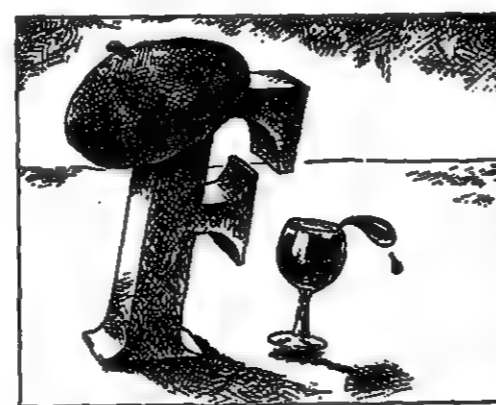
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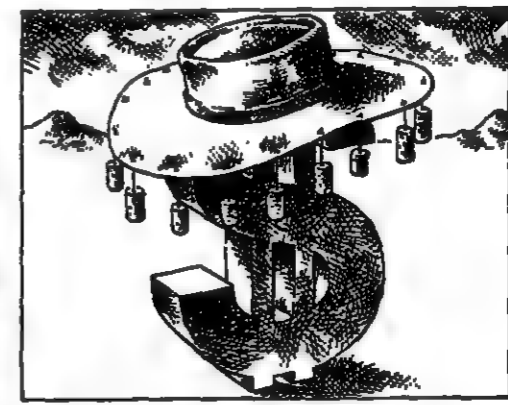
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In the three years since its launch the success of Capital Strategy Fund Limited has attracted over U.S. \$500 million as professional investors have recognised the benefits it has brought to managing

an international investment portfolio.

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Find out more, simply call Nigel Parker on Jersey, Channel Islands (0534) 27301 for a prospectus on the basis of which applications may alone be made for Participating Shares or write to him at Gartmore Fund Managers International Limited, 6 Caledonia Place, St Helier, Jersey, Channel Islands. Alternatively, contact Jo Durrant, CSF Liaison, London FREE on 0800-289 336 who will forward your enquiries to Jersey.

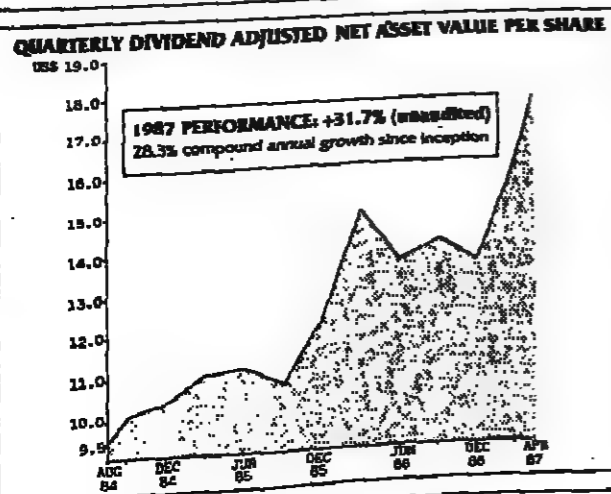
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Capital Strategy Fund Limited is an open-ended investment company registered in Jersey, Channel Islands. Its Participating Redeemable Preference Shares, listed on the stock exchanges of London and Luxembourg, are divided into twenty one separate classes each of which is linked to a Fund according to the type of investments which constitute the underlying assets of the company.

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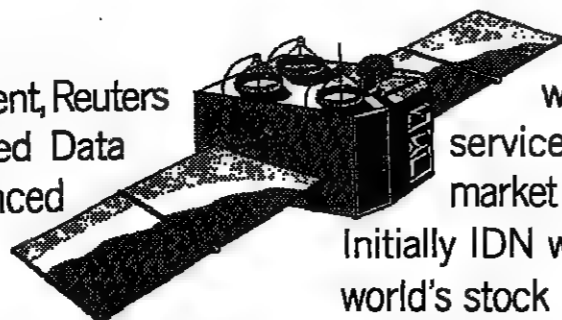
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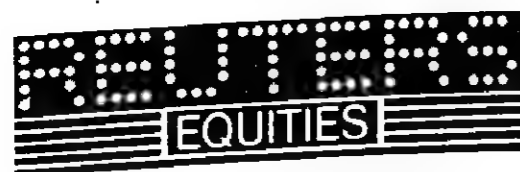
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